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10 July 1984

# West Europe Report



FOREIGN BROADCAST INFORMATION SERVICE

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10 July 1984

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## JØRGENSEN SHARPENS ATTACK ON FOREIGN MINISTER'S ARMS POLICIES

Copenhagen BERLINGSKE TIDENDE in Danish 6 Jun 84 p 9

[Article by Lisbeth Knudsen]

[Text] The chairman of the Social Democratic Party, former Prime Minister Anker Jørgensen, is "about to lose the last remnants of his trust" in Foreign Minister Uffe Ellemann-Jensen (Liberal Party).

Anker Jørgensen made this statement yesterday in a Constitution Day speech at Rønne on Bornholm, in which he complained that, during a recent meeting of NATO ministers, held in the United States, the foreign minister spent part of his time explaining to the media that Anker Jørgensen had misunderstood a Norwegian statement on a nuclear-free zone.

Anker Jørgensen wondered whether Uffe Ellemann-Jensen, in international assemblies, conveys the Danish views in a sufficiently effective and honest manner.

"The conduct of the foreign minister is contrary to Danish parliamentary practice. The foreign minister goes to great lengths discussing the lack of understanding on the part of other countries of Danish security policy viewpoints. We experienced this most recently in the NATO meeting in Washington. The foreign minister apparently spent most of his time explaining to the public that I had misunderstood the new and positive position of the Norwegian government on a nuclear-free Nordic zone, which I definitely have not.

We must demand of the foreign minister that he instead spends his energy solving the task which is his, viz. fighting for the viewpoints of the majority of the Folketing. If he fails to do that, we have got to tell the government and the Folketing that we have lost the last remnants of our confidence in him," Anker Jørgensen said.

The chairman of the Social Democratic Party also discussed the foreign minister's uncertainty until yesterday about Danish participation in the UN Security Council.

"The only explanation that I can think of to the foreign minister's hesitation is that the government and especially the foreign minister do not wish to further the viewpoints which the majority of the Folketing has directed the government to promote," he said.

In his Constitution Day speech at Varna outside Århus, Foreign Minister Uffe Ellemann-Jensen said on Denmark's place within the Security Council:

"The task will not be to announce to the entire world how we in Denmark look at a number of fundamental issues--no, the task will be to take a position on concrete and acute issues. This is a task which Denmark cannot in decency shirk.

I hope and believe that it will prove possible to reach an agreement on this issue between the government and the Social Democratic Party--just as it has also previously been possible to thwart attempts on the part of the extreme left wing to pursue an irresponsible policy of demonstration. I hope and believe that this will contribute to paving the way for the hitherto broad agreement on Denmark's placement in the international picture," he concluded.

7262

CSO: 3613/179

## SDP'S AUKEN PROPOSES PANEL TO FOSTER SECURITY CONSENSUS

Copenhagen BERLINGSKE TIDENDE in Danish 9 Jun 84 p 7

[Article by Lisbeth Knudsen and Solveig Rødsgaard, with interview by Solveig Rødsgaard]

[Text] The government takes a positive view of proposals for a security policy examination within a special Folketing committee. The government and the Social Democratic Party will discuss the new move in the course of the summer.

An extended hand for new broad agreement on the Danish security policy. This is the way in which both Foreign Minister Uffe Ellemann-Jensen (Liberal Party) and Defense Minister Hans Engell (Conservative Party) interpret a new move on the part of the Social Democratic Party.

The Social Democrats propose that a special Folketing committee undertake a thorough examination of security policy issues instead of allowing the security policy to continue to be based on proposals presented within the Folketing.

The proposal was made by the political spokesman of the Social Democratic Party, Svend Auken. He proposes that the government prepare a detailed report to the Folketing on the principles and issues within the country's foreign policy and security policy, whereupon an ad hoc committee of the Folketing will discuss the report for the purpose of preparing an account to the Folketing.

Svend Auken draws the attention to the thorough work recently done within the Norwegian Storting on the Norwegian security policy, within the Norwegian government, and the Labor Party has reached an agreement on some recommendations.

Foreign Minister Uffe Ellemann-Jensen states that in the course of the summer he will contact Svend Auken and the Social Democratic Party to find out how an examination of the security policy may be undertaken. "Svend Auken points to an important problem, viz. that decisions within the Folketing are often made on an unsatisfactory basis. I find the proposal made by Svend Auken interesting and serious," says the foreign minister.

Content Engell

Defense Minister Hans Engell (Conservative Party) tells BERLINGSKE TIDENDE: "If the proposal means that the Social Democratic Party is now prepared to cooperate on the security policy, I shall welcome it with great satisfaction. It will be a very positive development if a broad cooperation may be re-established." He points out that a new defense agreement may become the touchstone of the Social Democratic desire for broad cooperation.

Svend Auken makes the following statement to BERLINGSKE TIDENDE on his proposal:

"The purpose of getting a report from the government and subsequently a report from a committee is to provide the possibility for broad agreement, but it is obvious that the purpose is not to reach an agreement at any cost. The purpose is to give the negotiations a decent chance, and if, in the process, it turns out that there is a big area on which we may agree, it is a positive development--as has happened in Norway--that it is expressed in a joint report on those points.

There may be points on which we disagree, but those points have to be discussed and substantiated as well. Beyond that, I find that such a thorough examination of our security policy will increase the quality of the work we do in the Folketing and increase the respect for our work. And it will provide the public with a possibility of following what we are doing.

We have often asked the government to enter into a dialogue with us. That is why it is an offer to the government. I find that if the government takes a positive view of the matter--and I understand that it does--this may be interpreted as an outstretched hand to it. We are aiming at a cooperation," Svend Auken says.

#### Auken in Favor of New Security Policy

The political spokesman of the Social Democratic Party is now pursuing an active security policy in the relations with the government and talks about Denmark's reputation abroad.

The political spokesman of the Social Democratic Party, Svend Auken, is now making a surprising move in trying to unite the government and the Social Democratic Party on the security policy, which has been one of the most controversial issues in the Folketing since the change of government.

Svend Auken would like to have the security policy discussed in an ad hoc committee within the Folketing--and he has taken the initiative after the Norwegian cooperation on the country's security policy.

The political spokesman of the Social Democratic Party says that the fact that he has taken an interest in the security policy is not a new development.



"I have, indeed, always been interested in security policy matters. In a situation where the attention within the Folketing and among the public, within as well as outside Denmark's borders, is focusing increasingly on Denmark's foreign policy and security policy, and where the Social Democratic Party is playing a very active role, it is natural for all of us who are interested in the security policy to participate in the debate.

Also because I find that the viewpoints which we advocate, to an increasing degree, will become the position adopted, not only in Denmark but also in other countries. That is why we have an obligation to listen to the views of others. It may be to the left of us, it may be in our relations with the government. However, we--i.e. the Social Democratic Party--have an interest in having such a process started.

Moreover, it is in Denmark's interest that the viewpoints to which the majority of the Folketing subscribe and which are supported by the majority of the Danish population, are presented by a government which agrees on those viewpoints."

Foreign Minister

[Question] What is the reason why you have given the government your outstretched hand--for the government says that, during your period in opposition, you have been cooperating with the left wing?

[Answer] It is, of course, no secret that in matters of domestic policy, marketing policy and foreign policy, the government has not been very anxious to cooperate with the Social Democratic Party and has been spending much energy on carrying on a controversy against the Social Democratic Party. If we recall our entire interesting discussion on Sabroe Inn, the foreign minister's interpretation of the text was that he had not attacked the Folketing but that all of his words of abuse and slander had been aimed at the Social Democratic Party only. We have thus not felt that the government was particularly interested in talking to us. And then we should not close the door because we feel offended at its rude conduct.

As mentioned earlier, the government has not so far wanted a dialogue. However, I have now acted in the light of events in Norway. And it should not be forgotten that in Norway the relations between the government and the Labor Party were as polarized as in this country.

I, moreover, find that it is important for the government. It might be understandable for a government which takes over in the middle of an election period to say 'we have a different security policy position, we shall allow ourselves to be voted down, but we will otherwise pursue our own policies in other areas.' However, that is not acceptable after an election. The government will then either have to accept wholeheartedly that it will have to pursue the policy advocated by the majority of the Folketing, or it will have to resign. I have been informed that quite a few nonsocialists have the same opinion.

## 3 May Resolution

I am convinced that this position will gradually also become the position held by the government. And the rest of us will have to say that if the government itself is interested in entering into a cooperation on the security policy, we should give them a fair chance.

[Question] Is your move also an attempt to reconcile the factions within the Social Democratic Party?

[Answer] As far as 95 percent of the members of the Social Democratic Party are concerned, there has been agreement on the line within the Social Democratic Party, so I do not like talking about factions. However, some have said that we ought to proceed faster, others that we have proceeded too fast. It is important for the party that we maintain the balance internally, and we did, indeed, succeed in doing so with the 3 May resolution.

The purpose of that resolution was, indeed, to provide a thorough description of our positions. We now state that we have a basis in the NATO alliance on the one hand and in the 3 May resolution on the other. We have an opposition which is in majority on these issues in the Folketing, and we have a government which is in minority. It creates an untenable situation when the majority says one thing and the government something else. It does not create any respect for Denmark in general and no respect at all for the positions expressed by the majority of the Folketing.

If one wants to further the positions which we have expressed, it, therefore, is important to get the support of the government if that is possible. I suppose that I am one of the few Social Democrats who care for the foreign minister, but I will have to admit that he is argumentative. Of course, we have also got people who are argumentative, so it may become a difficult process. However, it is important to try.

7262

CSO: 3613/179

## LABOR PARTY ON STORTING ARMS, NATO POLICY RESOLUTION

Oslo ARBEIDERBLADET in Norwegian 28 May 84 p 4

[Editorial: "New Deal"]

[Text] When the government presented its report on security and arms reduction 2 years ago it was characterized more by the situation in the Norwegian security policy debate at the time than by anything else. It was more a status statement--giving reasons for the government's actions and defending them--than an attempt to create a constructive basis for future security policy efforts.

Storting--or more accurately the Storting Foreign Policy Committee--managed to set aside this "front mentality" and make an honest and serious attempt to create the broadest possible national basis for activating and vitalizing Norwegian arms reduction policy.

Idealism and bold thinking are necessary to break down the tendency of the great powers toward compulsive and habit-bound thinking and to dissolve cold fronts. But for a small country like Norway it is also necessary to have a good measure of realism when we assess our chances of exerting real influence on our alliance partners and the superpowers. It is on this stage that we must win our contests. There is little interest in our national clashes over security policy views outside the borders of this country.

No matter how momentous an individual representative may feel his own moves and proposals are, unless they gain the support of a Storting majority, their significance stops right there. We think this fact should play a larger part in the considerations individual representatives and groups make when they feel a strong need to present a sharp profile. It is only through a broad and unified effort that Norway can live up to its responsibility to clarify objectives and make a concrete contribution toward strengthening our own and Europe's security.

The broad agreement for which the Foreign Policy Committee and issue spokesperson Gro Harlem Brundtland have been the major architects in Storting has received a lot of praise--and it is well-deserved. The agreement on central issues that has now been achieved in security and arms control efforts has

created a new and more productive political climate. It is now easier to unite forces on what is important--how to proceed further and come closer to the goal of a more secure future. The most important things anyway are those on which we have been able to reach agreement.

The Storting debate on the arms control report has provided the content for a security policy strategy for our international efforts. This applies to the support for a re-evaluation of NATO's nuclear strategy and the "first strike doctrine" in particular, it applies to the Palme Commission's proposal for a corridor free of nuclear combat weapons which the committee indicated would be an important step toward creating trust in central Europe, it applies especially to the view of a "freeze" as a valuable tool in arms reduction efforts and to the idea of a Nordic nuclear-free zone.

In this picture it is highly regrettable that it was impossible to get the government parties to go along with the only sensible negotiation initiative at the moment--a halt on western deployment matched by corresponding moves by the Soviet Union. The Conservative Party's rigid attitude toward the dual decision prevented this.

There is also a challenge to the government in the basis for future efforts that has now been created through a broad agreement on central issues. The government has complete freedom to follow up on the initiative that a Storting majority felt--though this was not stated formally--is the only hope we have to get the talks going again. In this way the government can also show that it is willing to do its part for a united and goal-oriented new deal in arms control efforts.

6578

CSO: 3639/125

## DISARMAMENT GROUP CLAIMS MAJORITY OPPOSES DUAL-TRACK PLAN

Oslo AFTENPOSTEN in Norwegian 22 May 84 p 5

[Article by Thorleif Andreassen: "Foreign Affairs Committee Scolded"]

[Text] This coming Thursday the Storting must reject further deployment of NATO missiles. Let the representatives vote according to their own convictions. Then there will be a majority against continuing NATO's dual-track plan. This is what the organization, "No to Nuclear Weapons," claims. It flays the attitude of the foreign affairs committee toward the government's disarmament report: "Meaningless and weak wording. Attempt to create the impression of a unity on security policy that does not exist. Of course one is for a "freeze," but this must not happen now -- before new negotiations possibly begin."

This was a part of the long series of complaints that the leadership in "No to Nuclear Weapons" directed against the Storting's foreign affairs committee at a press conference yesterday. "If the majority in the Storting does not call a halt right now to further deployment of NATO missiles according to the established plan, it will mean a further escalation on the part of the East. We have already seen this," the spokesmen for the peace movement said. They recommend that the Norwegian authorities approve an immediate "freeze" -- and by doing so go against NATO's dual-track plan.

It was pointed out that the Storting is just one vote away to voting against the commitments of the NATO dual track plan. In this connection, the peace movement made it clear that it will do its part to change this strength relationship. In this case, "No to Nuclear Weapons" will attempt to a great extent to influence the Christian People's Party and the Center Party. "We will attempt to maintain the unrest in these parties as far as the dual-track plan is concerned," they said.

The executive chairman of "No to Nuclear Weapons," Ole Kopreitan, thinks that the question of Western inferiority is not relevant, "because both in the East and the West there is such an excess of nuclear weapons that they can annihilate each other."

AFTENPOSTEN: But isn't the West's nuclear umbrella there because of its inferiority in conventional weapons?

Kopreitan: The present tragedy is that the production of nuclear weapons is going in high gear. A "freeze" is the only way to stop the destructive nuclear arms race. We must attack these weapons on three levels, namely on the level of testing, of production, and of deployment.

Ole Kopreitan says that as part of the work to achieve a majority in the Storting for what he calls a logical policy against nuclear weapons, his movement has adopted the cry, "Yes to the freeze," and "No to nuclear weapons in Norway in war and peace."

"We are working toward a breakthrough in the establishment of the programs of the parties before the Storting elections. Before the election we will make known the various views of the Storting candidates on nuclear weapons."

Today "No to Nuclear Weapons" will demonstrate in front of the Storting. The demonstration will be repeated on Thursday.

9124  
CSO: 3639/119

## GREENLAND SEEKS CLOSER TIES TO ICELAND AS EC MEMBERSHIP ENDS

Godthaab GRONLANDSPOSTEN in Danish 9 May 84 p 10

[Article: "Wants Closer Cooperation with Greenland"]

[Text] "I believe closer cooperation between Iceland and Greenland is possible. Among other things, we can help Greenland conduct research on fishing resources and in the area of fishing in general," said Iceland's former Fisheries Minister Kjartan Johannsson.

During a meeting of the Socialist International held in Denmark in late April, Kjartan Johannsson met with Greenland's member of the EC parliament, Finn Lynge. On that occasion, they discussed the detailed fishing agreement between the EC and Greenland.

Kjartan Johannsson made no secret of the fact that Iceland is concerned about this agreement. Iceland would like to have developed closer cooperation with Greenland on fishing matters.

"Such cooperation has been discussed previously, but I would not say there have been any real negotiations. As a result, the Icelandic parliament has now passed a resolution stating that we would like to develop closer cooperation on fishing. We have also stated that we are concerned over the agreement between the EC and Greenland," Kjartan Johannsson said.

"We had hoped that when Greenland left the EC we would be able to broaden our cooperation. As we know, fish migrate from Greenland to Iceland and from Iceland to Greenland. Thus, it is of interest to us to keep up with what is happening in Greenlandic regions and it must also be of interest to Greenland to know what is happening in Icelandic waters."

"As a result, I believe we must discuss these questions, which are of interest to both nations, so that we may cooperate on these matters," said Kjartan Johannsson.

He also stressed that Iceland was an advanced country in the field of fishing research. Iceland has an Ocean Research Institute that sets a high standard in areas such as fish cultivation. "For example, we receive higher market prices than most other countries for our products in America. We have a high



standard of quality and we try to keep up with the latest technology in all areas. When it comes to fishing, we are experts. Canada and other countries try to learn from us."

Kjartan Johannsson also stated that it was possible for young Greenlanders to study the fishing profession in Iceland.

#### Educational Fund

"In connection with our desire for closer cooperation, I might point out that there is a special Greenland Fund that was established by parliament about 1 year ago especially to promote cooperation between Greenland and Iceland. This fund will make it possible for young Greenlandic men and women to study in Iceland."

"The fund is especially aimed at studies involving fishing, but it is also open to other areas, such as cultural studies. The fund is just now being activated but its board, of which I am a member, has just decided to create interest in the fund among the general public in Greenland," Kjartan Johannsson added.

He also said that if anyone wanted to be supported by the fund, they should write to the Greenland Fund, in care of the Icelandic government.

"I believe this is the first time anything of this type has been done in Iceland and we hope it will be of benefit to both countries," he said.

9336

CSO: 3613/169

## UNEMPLOYED YOUNG GENERATION TURNING AWAY FROM SOCIETY

Brussels KNACK in Dutch 2 May 84 pp 13-16

[Report by Chris de Stoop: "Government or Opposition: Brussels Spits on Us"]

[Text] Why the time bomb doesn't explode but threatens to shut out a stymied and socially alienated generation from the society which has nothing in store for it.

"Actually, not only the unemployed are having a bad time," says Pierre, a 23-year old construction worker who considers himself lucky that he has landed in the Third Work Circuit after having been unemployed for 3 years. "My comrades in the factory are also scared; the bosses are in charge again. I know some young people who start a job and have to give up their first two or three months' wages because their boss says that he has thousands more candidates. Last week an ad appeared in the paper from someone who offered 100,000 francs to whoever got him a job. There are even some girls who have themselves sterilized in order to get a job because the boss doesn't want to be troubled any longer by maternity leaves, etc. People used to take as much sick leave as possible, but now they stuff themselves with pills and prefer to stand at the assembly line no matter how ill they are. All of us are victims, the employed as well as the unemployed."

Even though 40 chairs have been set up, only 8 youths appear at the People's Power in Hasselt, where the Limburg branch of the action week prepares a second Youth March for Work. "The enthusiasm is no longer there," says Yves, who has been unemployed for 1 year but who is now exempted from unemployment control. "The previous march did not achieve anything, and people are tired of marching for nothing. They cannot be motivated easily. One is even becoming afraid of handing out pamphlets at the unemployment hall, because people laugh in your face. Especially that savings plan of Martens is cutting our throat now."

The eight-member meeting plans the program: a procession of about a hundred unemployed will march for an entire week through Limburg, which is seriously plagued by unemployment, and every night there will be animated discussions, local artists, video watching, the "really crazy" movie "The Cannonball Race," and even a parody of "The A-team." Pierre, who has a tattoo of a hefty naked woman on his right arm, has just returned from Valkenswaard to watch a performance by the really tough boys of the A-team, so popular with youths.

They don't have much hope that the second Youth March will exceed the attendance of the first (30,000 youths in April 1982), but they do expect things to proceed much more grimly. The same old-timers of the KAJ [Catholic Labor Youth], MJA, ABVV [Belgian General Federation of Labor] Youths and ACV [Confederation of Christian Trade Unions] Youths have taken charge of organizing the event. Especially the KAJ people are the real driving force behind this initiative; as the first youth association, they were already working on the unemployment issue in the early seventies, while the trade unions apparently discovered that problem only a year ago.

The Youth March meanwhile has turned out to be a true institution with a national committee, steering groups, a general meeting, and about 1 hundred regional and local committees. It is questionable, however, whether a similar degree of streamlining is an advantage, for the youth is no longer as interested in such formal structures.

### No Future

In order not to fall into a tradition of a folkloric nature, the organizers are no longer satisfied with the task of sensitizing, the slogan function. As a second test of the Youth March, they now want to add a political dimension, with concrete and firm demands. Perhaps those are not attainable, admits Jan Haex, the secretary of the KAJ and coordinator of the entire march, but it is precisely the duty of the youth to make radical and fair demands.

"It is already difficult to mobilize the young unemployed. All the youth organizations, including the KAJ, think that it is difficult to reach young people, and that is very different from 10 years ago." In spite of the lip service given haphazardly to problems of the youth by politicians, their situation has only got worse since the first march. Although the number of young unemployed has not increased very drastically, there has been a merciless cutting of their benefits, which now have shrunk to a pittance. Especially school dropouts were the most important target in the shooting gallery of Martens V.

In this manner large groups of youths are driven into a marginal existence, and the fringe of society is becoming more crowded all the time. This stymied and doomed generation, whose cradle was still being rocked in the great consumers' period of the golden sixties, is now growing up in a period when the trough is irrevocably empty. At the threshold of adulthood, at the moment they have to acquire their own identity, their way is mercilessly blocked.

It is literally a /No Future Generation/ which, without perspectives, can only live in the /here and now/: "Hope? I don't know a single youth who still hopes," says Guido, a 24-year old metalworker who got his diploma 3 years ago but never saw a job yet, "no one thinks of tomorrow; everyone lives from day to day. They're rotting away in their chairs, loaf around, go to a bar at night if they can afford it. You no longer apply for jobs; anyway, you can't with 8000 francs per month. Half of the ads are fake,

propaganda, and for the real jobs you stand in line with dozens of people, and then the job goes to someone who owns a /wheelbarrow/. By bicycle, I went to all the industrial areas of Limburg, but now I have enough of that. I can't even consider living independently with my 8000 francs; I'm condemned to stay on my mother's lap."

After many months and hundreds of letters, many of the young unemployed show symptoms of the unemployed disease: sleeping disturbances, headaches, and even stomach ulcers and serious depressions. All are extremely bored, the result of the compulsory idleness they have been condemned to by a foolish RVA [National Service for Labor Supply] ruling, under penalty of cancellation and loss of benefits.

### Social Castration

The Louvain professor Lode Walgraven recently made an inquiry into youth unemployment: "They are not quite desperados, but they have really been treated unfairly harsh. In spite of the nice statements of the ministers, the latter have shifted the blame for their crisis policy primarily onto that socially vulnerable group. They take away the financial independence of the young people and, at the same time, they cut down on youth employment, impose a longer compulsory schooling and, moreover, the Department of Justice is getting ready to take more repressive measures. Thus the help offered by society is decreasing, but control is tightening, and thus young people are caught in a crisis policy which is no longer ethically justified. One cannot simply let an entire generation go to waste. In the long term surely the situation will explode and lead to serious social difficulties."

"One really becomes a vegetable," says Pierre. "When I was getting unemployment pay, I got up at 8:45 am if I had to get my [unemployment] card stamped at 9 am, and at 1:45 pm if my card got stamped at 2 pm. Move up in the line and then return home. Buying a car or going on vacation are out of the question for us. One of my acquaintances recently drowned himself in Hamont; no work, no money, a fight at home and . . . into the water. He wanted to show that he still existed."

He feels himself part of a superfluous generation which cannot expect anything from society and thus does not owe that society anything either. He sounds very bitter but says he is very moderate compared to the really tough boys who anyhow are no longer interested in youth organizations and youth marches. The only things they are somewhat interested in are their circle of friends, music, bars, social life, but they are sick of the holy commitment and the action- and discussion atmosphere of those in their thirties, the post-'68 /freaks/.

There are currently 161,000 unemployed of under 25, but over half of all the unemployed are less than 30 years old. One out of four youths with unemployment insurance daily stands in line in the unemployment hall. Half of them have been unemployed for over a year. Among them are over 50,000 school dropouts who, after a waiting period of 150 days during which they

are presumed to live on dew from the heavens, have to manage with an unemployment pay of 5,000 to 9,000 francs. And Martens would have preferred to increase their waiting period to 200 days. At the beginning of this year the starvation pay of school dropouts who were living together was decreased by another 25 percent. And meanwhile they learn how the large banks are making super profits and how large companies are investing billions in work for robots but not for young people. They are hopelessly cut off from society, for the key to being integrated in that society continues to be a job.

Professor Walgrave: "The youths are suffering from /social castration/. In the schools which have not yet adapted, they are still indoctrinated with the work ethic, but they certainly won't be admitted into that labor market. Thus now there are two phenomena. On the one hand a group of depressed youths, youths who in some respects still believe in society, who start applying for jobs very enthusiastically but after some time become apathetic, lose their social contacts, become lonely, and get all sorts of psychosomatic ailments. On the other hand you have a growing number of youths who distance themselves from our society, who /a priori/ do not become depressed, who expand their own little world with alternative spheres, cheap housing, second-hand clothing, illegal odd jobs, etc. Thus a generation is about to float away from our society, and that is a dangerous phenomenon. The youth is not as much /retreating/ as it is rebelling. In 1968 we still had the illusion that we could mold society, but now the young people are more cynical and individualistic."

#### Inquisition

If one nevertheless finds work, it is mainly in so-called absorption programs such as BTK [Special Temporary Worker], TWW and DAC [Third Work Circuit] and training programs which are described as /fake regulations/ by the youth. Nicole, also present at the meeting in Hasselt, is fed up with them. "I had all of them. I got my diploma in higher education at age 20, but I never found work in education. I was a trainee at the postal service for a year, then unemployed for a year, a year of BTK, unemployed again for 6 months, and now I've been with the DAC for a year. With the postal service I had to do the dirtiest jobs at the worst hours, and you get only 90 percent of your salary. The state profits from you. Those regulations are trash."

There are already 94,000 people in those absorption programs, mainly young people, who trudge from BTK to TWW, and therefore are paid less, have a bad and temporary contract, and cannot be promoted. Some of them, as a last resort, are dumped into volunteer work (already 4,500 youths now), in exchange for being exempted from unemployment control. Minister of Education Coens, who now, for the first time, has made part time work /compulsory/ for school dropouts, last week had the audacity to call up unemployed teachers and tell them they could teach without pay, in exchange for being exempted from unemployment control. We are the discount articles of the labor market, the youths therefore rightly say.

Abolition of those so-called fake regulations and conversion into regular contracts therefore is a key demand in the platform of the Youth March.



The other demands are: unemployment pay of at least 19,000 francs for everyone, thus with abolition of the waiting periods and the three categories of unemployed (heads of families, persons living together, and those living alone); a radical shortening of the workweek to a at least 32 hours per week without loss of pay; the initiation of an educational leave of absence; cheaper collective benefits (especially in connection with applications for employment), and abolition of article 143. On the basis of that completely arbitrary article, about 9,000 people are suspended annually, including youths who can be classified as "long-term unemployed" already after 9 months. That is grotesque in this period when there are no jobs anyhow. In 1983 a total of 40,000 people were canceled or suspended by the RVA inspection, which is feared by young people as a sort of modern /inquisition/.

That platform of demands was cosigned by over 80 youth organizations, thus by practically everyone, with some exceptions including in particular the VKAJ, the KLJ [Catholic Rural Youth] and especially the CVP [Social Christian Party] Youth. Coordinator Jan Haex: "We called two general meetings in order to decide on the text, and all the organizations were invited. Only afterward, in February, the CVP youths came with the request if they could still modify the text or march along with their own slogans. We refused that, of course." A feverish activity dominated in all the youth organizations in Brussels (where, strangely enough, no one has ever made a serious study of youth unemployment), except at the CVP Youths in the Tweekerken street, where only Chairman Johan Van Hecke remained behind while all the others were traveling to Poland with a convoy of medications.

#### Time Bomb

Aren't there any unemployed CVP youths then? "Certainly, and even very many. Therefore we find that Youth March very relevant, and we did everything possible to participate. It is not a question of not wanting to, however, but of not being able to. Apparently, a priori, our presence was not appreciated, for we haven't had any say at all in formulating the platform text. We agree with a number of demands but not with the unattainable demand, which actually destroys work opportunity, of the 32-hour workweek /without/ loss of purchasing power. Moreover, this Youth March is directed against the so-called neoliberal, capitalist course of Martens V. Well, we are not pallbearers of the government, but we have to admit that hundreds of thousands of jobs have been saved by the recovery policy. Only, the government fails pitifully in the area of the financial and psychological assimilation of the younger unemployed who were their favorite target. But the Youth March should not think that that problem is its monopoly."

Van Hecke, himself a sociologist and teacher, is afraid of fatalizing a generation which is about to be separated from society and of condemning it to a marginal existence: "I would prefer to see a combative, so-called pre-revolutionary climate rather than the current despondency. They now withdraw into their sub-cultures, are against parties and trade unions, and no longer demonstrate any social commitment whatsoever." The CVP Youths themselves held a congress a few weeks ago under the suspicious title "Youths For Work,"

a coincidental similarity which, according to the organizers of the Youth March, was intended as a maneuver to still get going. They find it just as suspicious that the PVV [Party of Liberty and Progress], (which is not participating either), is planning a big Day of Freedom in Louvain precisely on 13 May.

Van Hecke is right of course about the apolitical nature of the youth. The current generation is averse to all political-religious structures and spoon-fed ideals, whether they come from the left or the right.

Construction worker Pierre: "Brussels spits on us. And whether it is the government or the opposition, it makes no difference. Many young people would prefer to see someone with a firm hand rather than all those ambiguous and hypocritical parties. A few weeks ago we really put down Vreven [minister of defense] in Hasselt, but not because of him; every politician would have got it at that moment. They really ought to have trounced one, then they would finally wake up in Brussels. The miserable thing is that they are going to force us to vote; without the compulsory voting system things would look quite different."

The trade unions are no different for him: "They exist for the employed. The unemployed join and pay their contribution every month, but only to have the guarantee that their benefits will be paid rapidly." It is a fact that the unemployed have no say at all in the syndical network, partly because they are spread over the various vocational centers.

For a number of years already, youth unemployment has been described as a time bomb, but so far it has not exploded yet; so far society is not falling apart at the seams. In the golden sixties, the youth were standing on barricades behind slogans such as "Fantasy is in Power," but now that it is really a matter of /struggling for survival/, there is practically zero resistance.

Guido Verbiest of the ABVV Youth: "What happened a few weeks ago is very typical of the current orientation. We held a demonstration together with the Youth for Work. On the steps of the Stock Exchange there were a great number of teachers' college students who were protesting against the increase of their studies to 3 years. When the young unemployed asked them to participate in a solidarity campaign, they were booed by the students, who wanted nothing to do with trade unions. Just as curious was their demand: only 2 years of study for themselves, but 3 years for future students. That egoism has to be broken down." In Hasselt, Pierre says: "Everyone is thinking of himself. The situation isn't bad enough yet; we live like dogs, but we do have food."

The main reason why there is no resistance is probably due to the absolute lack of organizations and structures which devote themselves exclusively to the interests of the young unemployed. They form a directionless, shapeless mass of isolated individuals who only have their unemployment card in common. The few organizations concentrating on them, such as all kinds of workshops for the unemployed, also prefer to occupy themselves with courses



in modeling, knitting and pottery rather than with personal development or political education. Moreover, sound public perception often sees the unemployed youths as profiteers and riffraff, and those stigmas are no motivation either to dare speak up as a group.

According to Professor Walgrave's study, there is not even a connection between youth unemployment and delinquency, unless, perhaps, the youths have more conflicts with their families and run away from home more easily than their working or studying peers. The group of young unemployed in Hasselt has different thoughts on that, however, and thinks that many unemployed comrades make a living from "hunting and fishing," thus from minor crime, and that the rapidly increasing drug problem has a lot to do with that situation.

Andy is an 18-year old unemployed from Houthalen who left school at 16, worked for a year at the assembly line in a factory, and has been unemployed since then. "I don't think that professors dare come to those cities where that is happening," he sneers. "Working at the assembly line is miserable, but I preferred that to being unemployed. My mother has been unemployed for 10 years already; my stepfather is also unemployed, and now they are living apart because if they were living together they would get even less unemployment pay. I had to hand over almost all of my unemployment pay. Thus for a while I stole videos and stereos with friends and sold them in the Netherlands. For a while I also sold hashish, for that is very popular with the unemployed here; they want to forget everything. But I was in the reformatory in Mol for a while, and now I lie low." He now works in a bicycle repairshop in exchange for exemption from employment control, but next year he'll sign up for the army because civilian life no longer holds any prospects for him. "In some suburbs, such as Zwartberg, they beat you up for 50 francs, that's how bad it is. Soon we'll be back in the jungle, fighting for a piece of bread."

The 8 youths in Hasselt think that next Sunday's demonstration could get more out of control than the first Youth March when a few hundred youths fought for many hours with an angry police and national guard. "There is considerably more repressed anger, and surely that has to explode, perhaps already in Brussels," says Pierre, who is ready to fight along. The organizers in Brussels appear to take that into account, for they no longer want to screen off the planned itinerary with their own guards, like last time.

"We must not fulfill the role of the police," says Guido Verbiest of the ABVV Youth. "Those who deviate from the itinerary will also get our support. It is not up to us to tell the youths how they ought to react to the policy; we leave them more freedom now. As long as the message comes through strongly."

Jan Haex is more careful: "Violence doesn't pay, but we have understanding for the fact that for some people it is the only escape valve." In any event they no longer want to swallow the humiliation, like the last time, of being congratulated by the mayor and the police for their dignified and sportsmanly parade through Brussels.

After 13 May, the youth organizations want to continue their political activity, directed at parties and trade unions. They have already sent an open letter, in an attempt to tie them to a certain commitment, but that didn't succeed too well. The trade unions and the SP [Socialist Party] (the only large party which answered), promised their support to the initiative but cannot support the demands, a truly noble standpoint. Just how great the politicians' concern is was clear only a few weeks ago when the bill to eliminate the employment control, very important to young people, did not get into the cabinet council. A Xerox machine was defective.

8700

CSO: 3614/97

## AKEL LEADER REJECTS GREEK 'DYNAMIC INTERVENTION'

Nicosia O AGON in Greek 4 Jun 84 pp 1,12

[Text] The AKEL [Restorative Party of the Working People - the Communist Party of Cyprus] Secretary General Mr. Papaioannou warned that he does not agree to a Greek army division being sent to Cyprus and he criticized those who continue to support an "active involvement" of Greece in Cyprus as such a step would lead to catastrophic consequences.

Mr. Papaioannou who was speaking at the Provincial Conference of the AKEL in Limassol mentioned that his party line does not mean they are opposed to a defensive military build up of the island. "The AKEL supports the defensive build up of Cyprus so we can be in a position to put up a resistance if we are attacked."

The AKEL Secretary General mentioned the fact that the only path to a solution of the Cyprus problem was a peaceful procedure and he invited the government to encourage the UN Secretary General to develop a new initiative for the solution of the Cyprus problem.

Mr Papaioannou said:

"Let us examine the military alternative. Can we and is it desirable for us to solve the problem through military measures at a time in fact when the major powers seek peaceful means of solving whatever differences they may have? In some circles the "active involvement" of Greece is spoken of through the transfer of one or more army divisions to Cyprus. And what would happen if Turkey which has already quite a large number of troops in Cyprus sends a military force twice as large or even several times larger?

## Conflict

Would a conflict occur or not? What do we want, would such a conflict be in the interest of either Cyprus or Greece? And if such a conflict were to take place between Greece and Turkey on Cypriot territory what would the result be, considering that Greece is 600 miles away from Cyprus and has a population of 9 1/2 millions while Turkey is barely 40 miles away and has a population of 46 millions? It is not difficult to give an answer to those questions and, in our opinion, neither is it necessary to be a military expert in order to give the right answer.

Greece would be compelled to fight under the most unfavorable conditions for it and the most favorable ones for Turkey. The result of such a military confrontation would to turn Cyprus into ruins and have Turkey occupy it in its entirety. And there would also be grave consequences for Greece.

The AKEL is against such an adventuristic war for Greece and Cyprus as it does not serve their interests and would not solve the Cyprus problem as some might hope or believe."

12278

CSO: 3521/275

## SEARCH FOR DIALOGUE, UNIFYING SUBJECTS ADVOCATED

Nicosia 0 FILELEVETHEROS in Greek 6 Jun 84 p 3

[Text] We all agree that the problem of Cyprus must be solved through a political process. And not through a military confrontation. A military confrontation might be the choice of circles in Turkey which favor invasion because such a choice would have as a certain result the ruin of Cyprus.

If at this point some sort of plan for an invasion of the entire territory of our homeland cannot be carried out this is due to today's international conditions. It is not at all easy for some of those Ankara chauvinists to organize and implement today an invading expedition against the free zones of Cyprus.

Those and many other considerations do not permit either us or the Turks or the Turkish Cypriot leaders to chose any other solution than that of political means. And those cannot be anything but a dialogue toward which we must incline and which we must cultivate so it can take place under conditions such that they will offer the best possible chances of success.

The political activities of the leaders of both sides are intense and daily. They find their expression in the declarations of both the Greek and Greek Cypriot leaders and in those of the Turkish and Turkish Cypriot leaders. Much of what is said every day by both sides includes the element of discord. And this is natural. For a number of years we have found ourselves involved in a contest, we are each hanging on to the ends of a tug-of-war and this unavoidably leads to mutual accusations on a daily basis.

If we continue to follow the same path we will never get anywhere. On the contrary, the present situation will be perpetuated with the chasm between the 2 basic communities of Cyprus growing ever wider.

We are of the opinion that attention must not be focused on what sets Greeks and Turks apart but on what they have in common. What they can both agree on constitutes a basis for the search of a solution to the Cyprus problem.

12278

CSO: 3521/275

## GOVERNMENT FAVOR FOR SOVIET TRADE SEEN

Nicosia I SIMERINI in Greek 6 Jun 83 p 3

[Text] Soviet eagerness for development projects in Cyprus arouses interest. We have nothing against such a prospect provided the criteria which govern the execution of works by foreigners are followed, which means essentially the most economical use of public funds and the best quality of work. This is ensured through the procedure of calling for bids. Consequently, if the Soviet Union was interested in our giving it work in Cyprus all it had to do was to "knock down" its prices in relation to the international offers made to us. But it did not do this because it is not competitive either in prices or in quality. And it is well known that the government, in order to make their negotiations with us possible, modified the relevant existing legislation to be able to bypass the procedure of bids. This worries us. First and foremost it smells a lot like a "Minimum Program" one of whose basic aims was the further development of technical and trade relations with the Soviet Union and countries of the Eastern bloc in general. This, therefore, serves party ends rather than the public interest. That is why it is essential to give full publicity to both the overall agreement for undertaking development work done by the Soviets and to the partial agreements for each project separately.

12278

CSO: 3521/275

## CHRISTIAN PARTY CONGRESS DEMANDS MORE CABINET POSTS

Copenhagen INFORMATION in Danish 21 May 84 p 3

[Text] The Christian People's Party will work to get another cabinet post in a possible governmental reorganization. This was the decision of the party's delegates Saturday on the last day of the congress in Kolding.

Environmental Minister Christian Christensen said to Ritzau's Bureau that the congress naturally did not want to involve itself in the composition of the government, but obviously it would ease the work between the government and the party if the Christian People's Party got another cabinet post.

"At the party congress there has not been one single bit of discord on governmental cooperation, and I take this as a handshake on the Christian People's Party's continued participation in the government," Christensen said. He described the party as politically mature with a sense of responsibility.

The delegates from the Ringkøbing district proposed and put through a resolution to the main leadership and to the Folketing group that they work for two Christian People's party cabinet posts in the four-leaf-clover government, but it did not pass without a good bit of skepticism on the part of several delegates, who found it questionable that the Folketing group of five members should be tapped for another minister. Several delegates said that a new minister did not have to be a member of the Folketing. They pointed out that a possible new minister taken from the Folketing group would have to give up his seat in the Folketing.

The party congress also decided that the party leadership should work for the introduction of definite periods for election to the Folketing so that an election can only be held every four years. The reason is that "since 1971 Folketing elections have been held about every two years, often for tactical reasons," and the justification also points to county and communal elections that "that function very well without elections being held out of season."

The party congress passed a resolution urging the minister of culture to introduce a ban on television violence similar to the bans in Sweden and Norway.

The party congress reelected Pastor Flemming Kofod-Svendsen as national chairman. He is also a member of the party's Folketing group.



## PAPER INTERPRETS POLL ON ATTITUDES TOWARD EC MEMBERSHIP

Copenhagen BERLINGSKE TIDENDE in Danish 20 May 84 p 14

[Editorial: "Denmark in the EC Mirror"]

[Text] The Danes look skeptically upon the value of EC membership, and they have done so for a long time -- this is in general what one can read from the new Gallup poll on the EC. The yearly questionnaire on the attitude toward the EC confirms the majority on the negative side, which has been true in Denmark the past ten years, but it says nothing about what lies behind the Danish skepticism and what use it can be put to.

The Gallup investigation is built on the hypothetical question of whether there would be a yes or a no to EC if the 1972 plebiscite had been held today. This is a hypothetical question, because the matter was decided once and for all at the time. If it were a question of withdrawal from EC, it would be a completely different matter that would probably receive a completely different answer. But since the poll is repeated year after year, it is interesting because it identifies a very marked stability in Danish opinion. While the relationship between the yes and no votes went up a little through the seventies, in the past five years it has remained quite steady at 35 percent yes and 45 percent no, with 20 percent don't know. This is the way the figures were before the first election to the European Parliament in 1979; they have been that way since, and that is the way it is before the second EC election.

Skepticism is not the same as rejection. A hypothetical no is not the same as an active no. The slightly more than 45 percent who said they would have voted no in 1979 became in the election a few weeks later 20 percent for a people's movement against the EC with an election participation of under half of the voters. A "people's movement" with under ten percent of the registered voters behind it should really not have the right to have such a resplendent name, but the nonvoters gave them so many seats that they could act like a whole company. The clear skepticism that Gallup can measure was expressed more in the voting abstentions. On the other hand, the positive attitude was more prominent in the election than in the Gallup poll. The four-leaf-clover parties alone made a showing of 35 percent, and EC adherents received a very significant majority in the total election results.

There are never two elections that are the same. There is always a surprise in the result. The EC elections in June will also be different from the last time, even if Gallup says the same as in 1979. Perhaps Danish skepticism toward the EC is constant, but this does not prevent more and more people from using this skepticism constructively and not destructively. The membership is five years older now, and an accepted and unchangeable part of Danish policy. Fewer and fewer imagine that there could be a sensible reason for withdrawing Denmark from European cooperation. But more and more complain with good reason that the cooperation is not producing enough positive results, and constructive criticism is by no means the least reason for the Danish attitude toward the EC.

9124

CSO: 3613/175

## LATEST POLL ON ATTITUDES TOWARD EC MEMBERSHIP

Copenhagen BERLINGSKE TIDENDE in Danish 20 May 84 p 12

[Excerpts] Since 1973, just one year after the plebiscite, it has not been possible to obtain either a majority or a plurality for the 1972 decision. And since 1974 there has been a rather constant plurality of about 45 percent against Danish membership.

The most recent poll has not changed this picture.

The Gallup Institute conducts regular polls to clarify this question. A representative group of voters of about 1,000 persons is asked the following question: "If today you should vote on joining the European Common Market, would you vote for or against Danish affiliation?"

In the following survey we see the result of the most recent poll from April to May of this year, and for comparison the results of earlier polls back to 1972:

		For	Against	Don't Know	Total (percent)
2 October	1972	57	33	10	100
October	1973	42	43	15	100
October	1974	37	45	18	100
April	1978	40	37	23	100
February	1979	38	40	22	100
26 May - 30 May	1979	33	48	19	100
December	1982	35	48	17	100
September	1983	31	43	26	100
April/May	1984	34	47	19	100

It is clear that attitudes have not changed since September 1983. The "Don't know" percentage has gone down from 26 to 19 percent, so that the "For" and "Against percentages, if we discount "Don't Know," are 42 and 58 percent in the last two polls.

These figures, as well as earlier figures, cannot, however, be interpreted as an actual prediction, since there is no decision for another plebiscite. Before the plebiscite in 1972 it was only right before the vote that a real majority

for Danish membership could be detected.

In the follow survey the answers are divided according to the political affiliation of those questioned, including those of the governing parties' voters.

	For	Against	Don't Know	Total
To the right of the Social Democrats	54	31	15	100
Social Democrats	27	58	15	100
To the left of the Social Democrats	5	88	7	100
Four-Leaf-Clover Party	58	26	16	100

As is evident, and as one might expect, the majority (54 percent) of the voters to the right of the Social Democrats are for membership, while those to the left of the in fact left-oriented party are strongly against.

Since one knows that the Radical Liberal Party is against Danish membership, one can also see the figures for the voters of the governing parties. Among them there is, as can be seen, a clear majority for Danish membership, a majority that was greatest among the Liberal Party's voters, namely 70 percent, while 55 percent of the Conservatives were for membership and 28 percent against.

9124

CSO: 3613/175

## PAPER VIEWS LONG-TERM IMPLICATIONS OF BUS WORKERS STRIKE

Copenhagen BERLINGSKE TIDENDE in Danish 26 May 84 p 10

[Editorial: "Party Support"]

[Text] The direct political result of the now completed, illegal conflicts has been a new political interest in the quick passage of a law on support to political parties. The radical suggestion on this that was proposed earlier this year and that at first could not gather a sufficient majority has gotten new life after the prime minister's promise to work for provisions that will make party records public and party support a voluntary affair.

This is a somewhat poor result of a conflict whose political weight lay in another place. The main question was how far it is permitted in practical life to stand outside of a labor union if one has a public position. The law permits it, but practice does not. A law on party support will to a certain extent be a means of making several people less dissatisfied with their labor union connections, but there is no reason to believe that a law of this type can be a universal method of solving all conflict situations.

Up to now there has been the obvious risk that a law will also include state contributions to the work of the political parties. The Social Democrat, Svend Auken, already expressed the opinion earlier that party work could be supported by way of public budgets corresponding to ten kroner per vote received in the last Folketing elections. His thoughts were not rejected by the left wing, and the small government parties have said that the proposal has their interest.

But it is still not a good idea. It is a mixture of state economics and private activity. Parties are private organizations, and they must not become part of the financial legislation. The work they will or intend to carry out they must carry out with their own means, and this means membership dues and voluntary contributions. There is a strong risk that Svend Auken's proposal will come out of the drawer again if a law on party support again comes up for discussion. There is also the risk that a majority will appear for public support -- a majority consisting of Social Democrats and a series of small parties.

The interest of the small parties in such a way of operating is understandable. For the Social Democrats it is a matter of quickly finding another financial

source than the almost free right to withdraw funds from labor unions. But regardless of the motives, it is not a desirable result. And if the political result of the now completed conflicts is that Denmark will have state-run parties, this is about like going from the frying pan into the fire.

9124

CSO: 3613/175



## EUROPEAN PARLIAMENT CONCERNED OVER LACK OF FISHING PACT

Copenhagen BERLINGSKE TIDENDE in Danish 26 May 84 p 3

[Article by Lars T. Kjolbye]

[Text] Strasbourg--The final pieces in Greenland's withdrawal from the EC fell into place this week when the EC parliament approved the agreements reached between Greenland and Denmark.

The parliament was concerned, however, because there were no plans to extend the fishing agreement when it expires in 10 years.

Greenlandic member Finn Lynge was satisfied with the agreements and said that the European parliament, for the most part, had demonstrated "exemplary" behavior in connection with the agreements reached after Greenland's decision to withdraw from the EC on 1 January 1985.

The parliament approved the various agreements after they were recommended by the EC commission. This occurred after the Danish parliament had ratified the treaty amendment on Greenland's withdrawal. Thus, Denmark became the first of the 10 EC countries to ratify the withdrawal. All the national parliaments of the member nations must formally approve the withdrawal.

When Greenland withdraws, it also will lose its membership in the European parliament.

Voters will decide who will represent Greenland the final 6 months in the EC elections this June. The choice is between the previous representative Finn Lynge of the Siumut Party [moderate leftist party favoring greater local autonomy] and Konrad Steenholdt, a teacher and member of Atassut [centerist party favoring close ties to Denmark].

9336

CSO: 3613/169

## RETIRING ATASSUT PARTY CHIEF CHEMNITZ OPTIMISTIC ON DANISH TIES

Copenhagen BERLINGSKE TIDENDE in Danish 4 Jun 84 p 12

[Article by Michael Ehrenreich]

[Text] Godthaab--Greenland is not on its way out of the Kingdom of Denmark, even though it may appear so from the outside because of the strong development of home rule, the referendum against EC membership, and some sharply worded statements, particularly from young Greenlandic politicians.

This was stated by Lars Chemnitz who, after many years of holding prominent positions in Greenlandic politics, is retiring from politics this Wednesday when parliamentary elections will be held.

Until recently, Lars Chemnitz was chairman of the Atassut Party [centerist party favoring close ties to Denmark] and, as such, he opposed the withdrawal of Greenland from the EC. Now the decision has been made, however, and it should be respected, he said.

"I hope and I believe that Greenland is not moving away from Denmark. Greenland is an extremely large country, but we have only 50,000 inhabitants. It is believed that we need a minimum of 100,000 inhabitants to manage our independence. The country is sparsely populated with many small villages. This makes it expensive to keep the social apparatus moving. As a result, independence would cause enormous problems," Lars Chemnitz said.

"In addition, we are strategically located, so that we must be careful not to isolate ourselves. Cutting ties with Denmark would create a vacuum that would be extremely tempting to the major powers and we would soon find ourselves in a situation in which it would be difficult for us to determine our own fate."

"Finally, during the course of 250 years with Denmark we have established so many strong ties, including family relationships and others, that we feel we are an integral part of Denmark, although we differ from Denmark in many ways."

## Youth

"I would have preferred to remain in the EC, but I believe we should realize that the EC referendum and our withdrawal occurred because conditions in

Greenland are so different from those in the other EC countries."

"The new party Inuit Ataqatigiit [Marxist-Leninist party favoring total independence from Denmark] is now characterized by a youthful striving toward independence, but this is a reaction we see everywhere in young people. When you become more mature, you also become more realistic. If Inuit Ataqatigiit actually became a large party, there would be reason for concern over our relations with Denmark. It also could happen, however, that if they took power they would rule in a more realistic manner."

What are the future prospects for Greenland? What will it be like in Greenland in 20 or 25 years?

"It is extremely difficult to predict the future of Greenland. The situation is dependent on our own economy. Several years ago I warned against investing too heavily in living resources. But the Greenlandic economy of today is overly dependent on living resources. This is unfortunate, especially for a country such as Greenland in which the climate is so crucial. If the climate is bad, then the situation is bad for the entire country. This is why we have such a high deficit in Greenland and must accept subsidies from Denmark."

"But Greenland cannot continue to base its economy on subsidies from Denmark. As a result, we must invest in projects that will pay for themselves, such as the recovery of raw materials. Of course, we must balance this against environmental considerations, but in my opinion there is no other way for us to become financially self-sufficient."

"I am certain, however, that we will remain a part of Denmark. Sometimes it is considered a weakness that we have not severed all ties. We could do that, of course, but we would then be subject exclusively to Greenlandic conditions and our standard of living would drop sharply. I do not believe that the people want this today, now that they are accustomed to living in a modern industrial society. We do not want to return to the old hunting and fishing society."

9336

CSO: 3613/169

## COUNTRY'S LEADING PAPER REPORTS ON SOCIALIST PARTY CONGRESS

## Challenges Facing Congress

Helsinki HELSINGIN SANOMAT in Finnish 6 Jun 84 p 2

[Editorial: "Ruling Party Analyzes Position"]

[Text] Lahti is a traditional hotbed of physical fitness and exercise. As a counterweight to this, a year ago the city completed a grandiose theater complex, which at the end of the week will offer suitable facilities for the 33rd Congress of the Finnish Social Democratic Party.

The scrutiny of the country's largest party will not be subjected to the same extensive degree of interest on the part of the general public as the recent electrifying conflict in the SKP [Finnish Communist Party]. Rather there is reason to believe the assurance made by SDP Chairman and Prime Minister Kalevi Sorsa that the party congress will take place "in a prevailing atmosphere of unanimity".

Although no colorful personality conflicts are expected, the present moment is not without problems even for the Social Democrats. For example, the knowledge that a rather small activist faction in the party took the trouble to participate in the election of delegates to the congress is sufficient proof.

On the other hand, the party is already experiencing the role of state administrator as a burden at this time. It creates an incorrect image, as if the party represented the state in the direction of the people and not to the contrary, as Party Secretary Erkki Liikanen publicly complained on the eve of the congress.

However, it is impossible for a zebra to change its stripes. The occupying of key positions in the republic and long-term responsibility for government demand their dues. It is difficult for the party to distance itself from the state machinery, to which, for example, it has consciously attached itself by its appointment policy.

The most important subject of the Lahti congress will be the renewal of the program of principles. The intent is to renew the present party platform dating from 1952 so that the new and future policy lines will be given the

final stamp of approval in Helsinki in 1987. This will be preceded by an extensive and far-reaching preliminary debate.

Outsiders have also had an opportunity to state their understanding of the content of the SDP's program. This is proof of a healthy absence of prejudice as well as of the present situation in society. In the political game it has not been customary that views on one's strategy are requested from the soothsayers of competing camps.

Chairman Sorsa believes that the new program will guide the activities of all of society since the other parties feel an obligation to take a stand on the SDP's program. This is not an exaggeration since the lines of force at this time are headed pretty much in the same direction in the various factions.

The domestic policy resolution and certain individual initiatives will be of the most interest. What will be the SDP's attitude toward cooperation funds and will it be inclined to postpone the enactment of the third phase of the national pension reform at the risk of a government crisis? The answers will be obtained from the footlights in Lahti.

#### Sorsa Attacks Reagan Policies

Helsinki HELSINGIN SANOMAT in Finnish 7 Jun 84 p 10

[Article by Erkki Pennanen and Ritva Remes: "Sorsa Criticized Reagan"]

[Text] On Wednesday at the opening of the SDP's 33rd Congress Prime Minister Kalevi Sorsa criticized the Reagan Administration for sowing the seeds of many years of distrust, the fruits of which the world is now reaping in an atmosphere of ever increasing tensions.

Sorsa observed that he became known as the messenger of bad tidings when in the spring of 1981 already he expressed doubts that disarmament would be advanced during President Reagan's term.

"I would have been very satisfied if my conclusions had turned out to be incorrect. However, my understanding was then and continues to be that the politics of power cannot be combined with a disarmament policy. It is a waste of time to negotiate disarmament if the parties lose complete trust in each other's intentions."

In Sorsa's opinion, relations between the superpowers have not been this bad since the 1950's. "The new Soviet party and state leadership seems to have finally convinced the Western world that there have not been and will not be any changes in the Soviet Union's unconditional position, which became established last year," stated Sorsa in a cautiously formulated position on the Soviet Union's role in the present international situation.

Even though one can see an undisguised disappointment in the Soviet decision to break off missile talks with the United States and adopt an uncompromising

line behind this formulation, Sorsa places the primary responsibility for what has happened on the Reagan Administration.

Sorsa continued his pessimistic thoughts on Reagan by referring to the possibility of the same administration remaining in office for another 4 years. Sorsa's conclusion from this is that "prospects for negotiations are virtually nonexistent".

The world could very well wait for half a decade if the situation remains the same, stated Sorsa and hastened to add: "However, the situation will not remain the same, the threat continually increases."

#### An Appeal from Three

According to Sorsa, now is not, however, a time for accusations, but for a new kind of thinking and actions. With this in mind he announced that he has reached an agreement with Sweden's Olof Palme and Greece's Andreas Papandreu, who are attending the SDP congress, on a personal appeal for bringing about a change in Europe.

In this appeal the prime ministers and Social Democratic leaders of three countries demanded that all possible efforts be made to break the impasse in the nuclear arms talks of the superpowers. This, according to them, can be accomplished by a well-prepared summit meeting between the Soviet Union and the United States.

A promise was made in the appeal to continue efforts to create Nordic and Baltic nuclear-free corridors extending to Central Europe in the same connection that an agreement is being concluded in Vienna on mutual reciprocity and bilateral reductions.

The joint appeal by Sorsa, Palme, and Papandreu comes only a few weeks after six prime ministers -- Palme and Papandreu included -- from four continents proposed their own worldwide appeal to the leaders of the superpowers.

Sorsa, who was offered an opportunity to become part of the appeal of four continents promoted by Palme, could not refrain from making a sarcastic remark on Wednesday about the "eloquence" of the appeal. The appeal being promoted by Sorsa is limited to Europe, an invitation to Europeans to begin cooperative actions for "saving Europe".

In advancing arguments for this appeal Sorsa emphasized that Europe and also Europe's nuclear-free countries must have a greater say in a more decisive manner than before in the fateful question of dispelling the nuclear threat on the European continent. According to Sorsa, elimination of the nuclear threat must begin in those places in which nuclear weapons do not yet exist and in those places in which their withdrawal could be the most simple, on the one hand, as well as the most compelling, on the other.



## Papandreou Present

The other signatory to the appeal, Prime Minister Panpandreou, also made a quick appearance at the opening ceremonies of the SDP congress. His speech was devoted entirely to the threat of nuclear war and he criticized the Reagan Administration for the deployment of Pershing missiles in Europe and its plan to prepare for the waging of war in space. In Panpandreou's opinion, everyone should come to realize how close the world has come to the danger of nuclear war.

Prime Minister Palme will not arrive in Lahti until Friday because of a Swedish national holiday and the visit of China's prime minister.

In his opening speech to the congress Sorsa heaped plenty of praises on the country's first Social Democratic president, Maunu Koivisto, who "has guided Finland forward with a firm hand while carrying out a peaceful policy of neutrality in the spirit of his predecessor".

Finland's special relationship with the Soviet Union has continued under Koivisto and "in fact, is stronger than before".

In the domestic policy portion of his speech Sorsa spoke more in the voice of a prime minister and statesman than of the chairman of the SDP. Sorsa emphasized the necessity of cooperation between parties in a country such as Finland and stated that he has been recently concerned about the condition and spiritual acuity of present cooperation.

## Content to Cooperation

Without directly mentioning the Center Party or other ruling partners Sorsa said there is reason to expect that a deeper content to cooperation will begin to develop in place of the mutual squabbling and one could also expect a discussion on resolving the great problems facing us.

Sorsa will deliver his keynote speech on actual ideology on Thursday when he initiates the discussion on a new platform for the party.

Sorsa, who has led the party since 1975, will be elected chairman on Thursday for another 3-year term. Erkki Liikanen will continue as party secretary. The first vice-chairman will be Pirkko Tyolajarvi and the second vice-chairman will be Environmental Minister Matti Ahde.

## Party Secretary Erkki Liikanen: We Have More Responsibility Than Power

Party Secretary Erkki Liikanen, who spoke about the political situation and the SDP, urged the rank and file to volunteer their services, express solidarity, and promote membership. Liikanen approached his effort to urge the rank and file with difficulty. The tone of the speech was an example of "not us, but the others". The others were the media.

Liikanen's speech left one with the general impression that Finland's largest party has, indeed, been badly treated, no one understands it. The party has been given more responsibility than power.

Liikanen continued Prime Minister Kalevi Sorsa's anger at the television media in April. At that time Sorsa accused the press of not telling the truth.

#### Media Simplifies

According to Liikanen, the nature of the mass media has become one of personifying politics and selling tricks and pictures. Issues are simplified, the cause--effect relationship is not sufficient to hold one's interest and misinterpretation is conspicuous. Anyway: "The SDP must pay attention to criticism. A public, analytical debate forces the party into self-criticism, which, on the other hand, makes necessary reevaluations easier," continued Liikanen.

Critical section: "We, without a doubt, have in recent years exaggerated the opportunities of party policies and have moved the game of politics, which has changed into party bullying, into unnecessary areas."

Liikanen, who spoke in the "we" form, told the party rank and file that the SDP will not give in to those who use a sawed-off shotgun instead of a sharp pen. There is no reason to give in to public mudslinging. The fact that (the press) "kicks politicians around or slings mud at the party" is not moral courage according to Liikanen.

Liikanen sealed his words by stating that "we" defend freedom of speech and free party activities. In a democracy anyone who uses power must submit to criticism and this also applies to the press.

#### SDP Muddled

Liikanen made the assurance that the SDP's papers are clean and in order. Money comes from party support and membership dues.

However, Liikanen complained that the party has been taken to municipal court in the affairs of a certain construction firm (Haka) and has been condemned merely on the basis of an accusation. By what right have we become embarrassed by such an issue, which is the responsibility of those making the allegations and what compensation will there be for the damage caused to a political movement, he asked.

He then began to talk about a new communication and a new selfishness. The new selfishness concerned the labor markets. Moderation is expected from others as long as an individual himself receives more than the others. Those who have received an education should remember that "our schoolmates who went directly into a vocation have paid for our education with their taxes".

"We have also had our problems," stated Liikanen in pointing out strikes in the public sector.

There were problems when the primary representative of workers, the government mediator, and the representative of the employer were all SDP members.

Liikanen then talked about the SDP's position. Many issues appear to be something other than what they are when the SDP's candidate is elected president, the prime minister is a Social Democrat, and the SDP itself is the healthiest and most energetic of the parties. Thus more responsibility is given to the SDP than it has the power to meet.

#### More Members

Liikanen, who jumped from one issue to another in his speech, subjected the party to self-criticism: Not enough work has been done, membership fell off last year, but is now increasing. He talked about an initiative of the Executive Committee, by which membership will be increased. The goal of the initiative is 20,000 new members.

Liikanen also raised a finger of warning with respect to evaluating party work: "How often are individuals elected to the leadership of a party section only after seats in a municipal government and in the most important committees have already been distributed?"

Liikanen emphasized broad-mindedness, openness, and praise of the party's message. He stated that the SDP does not approve of "such a low profile which would diminish and hide the party's goals". Liikanen will be elected party secretary for a second term on Thursday.

#### Leadership Unanimously Reelected

Helsinki HELSINGIN SANOMAT in Finnish 8 Jun 84 p 8

[Article by Erkki Pennanen and Ritva Remes: "New SDP Leadership Elected Without Speeches"]

[Text] The Social Democratic Party unanimously elected a chairman, two vice-chairmen, and a party secretary on Thursday. The presiding chairman of the congress kept his statements short between the voting: "Discussion on issue begins -- discussion ends." Those who were elected received applause without any discussions and without any opposing candidates.

Kalevi Sorsa, who was elected chairman for the fourth time, demonstrated his gratitude to the people by raising a clenched fist, First Vice-Chairman Pirkko Tyolajarvi with a slight bow, Second Vice-Chairman Matti Ahde with a wave, and Party Secretary Erkki Liikanen with a bow.

The short election ceremony concluded with words of gratitude, in which Veikko Helle, who resigned from his position as first vice-chairman, was singled out for special praise.

Helle, who came to the platform to receive a bouquet of flowers, was thanked by Sorsa, who stated that Helle was urged to continue.

In his own speech of appreciation Helle discussed the SDP's much-talked about power, among other things. This, in his opinion, is only envious talk on the part of those who have not received the trust of the people. "In my opinion, more power should be acquired, and the next opportunity will arise in a few months in the municipal elections," stated Helle.

#### Discussion of State Powers

Chairman Sorsa promised in his speech that the elected party leadership will strive to do its best to manage affairs in such a way that "complaints will not be heard".

"The press must be given an apology for the fact this election will not generate any headlines. That which is lost in the press is won in stress," stated Sorsa in poking fun at the press discussion and the election results that were known beforehand.

Sorsa, who answered questions later, stated that he is of the same opinion as Party Secretary Liikanen with respect to criticism of the media. According to Sorsa, the SDP is not afraid of the media, to the contrary: "We have dared to bring this issue up. A discussion of the position, duties, and responsibilities of the press is important. It is a question of a discussion between two powers of the state."

Party Secretary Erkki Liikanen criticized the media on Wednesday for, among other things, tripping up politicians, slinging mud, and exchanging a sharp pen for a sawed-off shotgun.

As far as SDP unity is concerned, Sorsa said that the party is "as unified as the soul will allow. It is important that youth and the intelligentsia be allowed to freely express even critical opinions."

In answer to a question concerning the party chairman's absence from the prime minister's office, Sorsa said accomodatingly: "It is possible that the job will be accomplished."

Party Secretary Liikanen, who is suspected of wanting a ministerial portfolio, answered vaguely. When he was elected party secretary 3 years ago, he emphasized that he will concentrate on the duties of party secretary. Now Liikanen left the door cautiously open to the government.

He also quoted from Erkki Raatikainen's article from 3 years ago: "One must never prevent a party secretary from becoming a minister, this is the only way to get rid of him."

At different times in the SDP there have been heated discussions on whether a party secretary can participate in the government. The prevailing thinking among the party rank and file has been that a party secretary must manage the affairs of the party. There has also been some mild grumbling about the chairman's position as prime minister.

At a press conference Sorsa also referred to the division of duties among the party leadership. Pirkko Tyolajarvi assumed a division of duties to mean that this division will occur on the principle of what is natural for each individual.

Chairman Kalevi Sorsa, 53, was elected chairman of the SDP for the first time in 1975. Before that he was party secretary in the years 1969--1975.

First Vice-Chairman Pirkko Tyolajarvi, 45, has been the party's second vice-chairman since 1975.

Second Vice-Chairman Matti Ahde, 38, has been a member of the SDP's Executive Committee since 1972. Party Secretary Erkki Liikanen, 33, was elected party secretary in 1981.

#### Lindblom Proposed Postponement of Nuclear Power Decision

The government will not pass over parliament in a possible nuclear power decision and the Social Democratic energy minister will not pass over the Social Democratic congress, assured Trade and Industry Minister Seppo Lindblom on Thursday. Lindblom, who spoke at the SDP congress, proposed that the SDP not take a final stand on a fifth nuclear power plant.

Lindblom talked about the nuclear power plant in connection with initiatives proposed at the congress. Five negative initiatives on the nuclear power plant were to be discussed. Opponents of nuclear power were primarily the most vocal at the congress. The congress sent the initiatives to committee at a meeting lasting late on Thursday.

In other speeches references were made to the decision of the congress in Pori, according to which weapons procurement appropriations may not be realistically increased. Development cooperation aid was also extensively debated and it was demanded that this aid be increased.

#### Women in Leadership Organs

Negotiations on candidates for the Executive Committee and the party Council lasted late into the night.

Chairman Kalevi Sorsa as well as Party Secretary Erkki Liikanen went to the Procedural Committee to talk about increasing the number of women in the Executive Committee.

At the present time it appears that MP Tuulikki Hamalainen from Uusimaa and Maija-Liisa Nieminen from Etela-Hame [South Hame] will be elected to the Executive Committee. The goal proposed by Sorsa and Liikanen is to increase the number of women by two or to a total of five since Pirkko Tyolajarvi is a member of the Executive Committee as a vice-chairman of the party.

In the negotiations it appeared that Helsinki would lose its position in the Executive Committee and that Helsinki would only be represented by Chairman



Sorsa. The nomination of Erkki Tuomioja as a candidate was the problem for the Helsinki District. He defeated Kaarina Suonio in a district vote of 15--13.

Apparently, Tuomioja and Suonio will both be dropped in the congress vote, which will be conducted with a list of nine candidates.

Editor and former MP Risto Tuominen is the strongest candidate for chairman of the party Council, the highest decisionmaking organ that convenes between congresses. Second Chairman Riitta Prustilla of TVK [Confederation of Salaried Employees], to whom Vappu Taipale has given her support, has a chance of being vice-chairman.

#### Debate Over New Program

Helsinki HELSINGIN SANOMAT in Finnish 8 Jun 84 p 8

[Article by Erkki Pennanen and Ritva Remes: "Socialism Weighed by Congress"]

[Text] How much and what kind of socialism will the Social Democrats need for their new party program. The opinions expressed on this subject sharply contradicted each other at the SDP's congress, which devoted the greater part of Thursday to a discussion on the directions of a future program.

"It is difficult to recognize a workers' party from this," emphasized Matti Vahakyla of Varsinais Suomi [Finland Proper] in expressing his opinion of the Program Committee's paper. In his opinion, it is important that the concept of socialism not be obscured in the new program.

Riitta Myller of Pohjois Karjala [Northern Karelia] was of the same opinion. She considered that the Program Committee has changed the direction away from a workers' party in a direction with a little something for everyone. Myller pointed out that a Social Democratic program will need a Marxist social analysis even in the future. She wondered whether the party is still, in general, ready to accomplish socialist reforms.

#### "A Worker for Program Committee"

Select at least one worker for the Program Committee to say when necessary "I do not understand", advised Timo Monkare of Kymi. In his opinion, the SDP's new program should be so clear and unambiguous that every party member will be able to understand it.

The program's clarity and unambiguity made up the most important demand in many of the speeches. If this is not possible in the text itself, the program should be written in the manner of a catechism and the text should be supplemented with a "what-does-this-mean" explanation, someone proposed.

The task of the congress is to define the directions of a new program. The intent is approve the party program itself at the next congress in Helsinki 3 years from now.



The SDP's current program dates from 1952. It is relatively general in its nature, but in spite of this, it is not considered that it corresponds to the demands of the party, which has changed considerably in recent years.

According to Chairman Kalevi Sorsa, who opened up the discussion on the party program, "the old program does not provide a sufficient basis for those political answers which we must present as a reform movement to the challenges of policies at the end of this century".

The report presented for discussion by the Program Committee has been described as the most self-critical and unbiased report that any party in Finland has ever made of itself. Many of the SDP's most important policy and operational principles from the benefits of economic growth all the way to the validity of a Marxist explanation of the world are being questioned in the report.

Sorsa even admitted the danger that the openness of self-criticism with respect to new social challenges could also put basic Social Democratic premises to an unnecessarily severe test. However, this danger should not be feared in Sorsa's opinion -- at least not in this phase of the program work.

Sorsa emphasized that a definition of common stands on so-called traditional questions is not a part of the task of the Social Democratic Party and of its program. The party recognizes the principle of a pluralistic view of the world.

However, Sorsa refuted Conservative Party Chairman Ilkka Suominen's jokes about the Social Democrats' "selective household and industrial village ideology". At the level of ideological principles Social Democrats have only one program according to him.

#### Sorsa's Three-Point Program

According to Sorsa, each generation must have its own objectives. In the 1930's, they were a cottage and two cows. Sorsa wanted to define three premises as the goals of "Social Democratic socialism" for the next few decades: the liquidation of assembly lines, the support of small enterprises and state-owned corporations, and the promotion of vocational democracy, cooperation funds, and coops.

In an animated discussion many speakers complained that the program document seemed to be satisfied with only a presentation of problems and questions without any attempt to answer them.

In the opinion of others, the party program should not attempt to find ready-made answers to all questions, it must not be too concrete and binding. It should be recognized that neither the party or politics, in general, can provide answers to all questions.

However, it was demanded that the party program devote greater attention to changing the concept of labor. The program should also take a definite stand on the fact that unemployment cannot be approved as a necessary evil.

Representatives of the women's movement scolded the party for indifference and ineffectiveness in the face of social equality for women.

MP Liisa Jaakonsaari saw the self-governing socialism outlined in the party program as a radically new socialism and as a means of struggling against the alienation and grouping of people. Self-governing socialism could, in Jaakonsaari's opinion, become "a new important line in Finnish politics" since there are many converging points in the self-governing socialist deliberations of the Greens, the Center Party's greens, and the SKDL's Kalevi Kivisto.

10576

CSO: 3617/173

## PAPANDREOU REPORTEDLY FIRM ON POLITICAL ISOLATION FROM EEC

Athens I KATHIMERINI in Greek 17 Jun 64 p 1

/Sent by KATHIMERINI correspondent in Paris, Mr Richard Someritis/

/Text/ Paris. Mr Andreas Papandreou has decided substantially to withdraw Greece from the political Europe and perhaps tomorrow from the defensive Europe. This decision has not yet assumed a formal character, but is considered to be "final" in Paris. Naturally, not without the expected consequences for the real future level of the country's practical relations with the EEC.

The information (that KATHIMERINI revealed two weeks ago) is actually confirmed that the Greek government reacted unfavorably to the proposals of French president Francois Mitterrand for negotiations looking for the introduction parallel to the EEC of a "political Europe" with projections in the defensive area.

According to existing indications, Mr Mitterrand will proceed toward specific initiatives in this direction on the occasion of the conference of the "European Council" in Fontainebleau next week.

## Immediate Initiatives

The French president's thinking is simple: Democratic Europe cannot survive economically and also consolidate its political substance and its self reliance against the super powers despite the political and defensive perspectives. This will lead the European community to failure and liquidation because the centrifugal tendencies will become perpetuated, especially the necessary dependencies. For these reasons, immediate initiatives are a must.

With the participation, however, of all those who want it and not necessarily of all the present partners of the EEC. Because it is not possible to delay the construction of a political Europe any longer, waiting for a hypothetical unanimous agreement of the "Ten".

As noted in yesterday's MONDE, Papandreou's Greece is taking a negative stand. According to other indications, supplementary ones, this negative stand concerns "all of the material" and is "combative".

## The Greek Stand

This means that if the "six" proceed, as is probable but of course not absolutely certain, towards a common political step for a political Europe, parallel to the EEC and not within its entire framework any more, Greece will be left out. This, however, will reduce the political profit Greece obtained from joining to a minimum. It will once again place Greece in the periphery of the Substantial Europe and into a new half isolation. It will stop Greece from an equal and active participation in the decisions of this political Europe, that of course will not forget its economic interests. And that will neither forget its defensive interests.

If the present French plans do not develop, Greece will be placed within the framework of the EEC in the category of the countries that refuse every form in the community other than a customs union. With the danger that it will in this way undermine the foundations of the policy that presently permits the mobilization of treasuries to fortify the South by the "rich North": If the EEC is deprived of its political prospects, why should the partners continue to transfer free capital to the less developed south zones of Europe?

9346

CSO: 3521/278

## CHANGES PREDICTED IN LEADERSHIP OF ECONOMIC MINISTRIES

Athens I KATHIMERINI in Greek 19 Jun 84 p 1

/Article by Nikos Nikolaou: The Dismissal of Mssrs Arsenis and Kedikoglou is Expected Soon./

/Text/ The economic policy should change. At least in the place of its application, if not in its basic aims also, while a wide reconstruction in the economic ministries appears probable as long as it will provide the government the possibility to reestablish more normal relations with the business world and the lower level middlemen, but also the self employed.

This is the **evaluation** of the economic observers that is made from the analysis of the election results of the day before yesterday that are considered very important regarding the reactions of the wider strata of the population about the economic policy exercised by the government during the thirty months they have been in power.

At the same time, information from Kastri present Mr Andr. G. Papadreu as being deeply impressed and disturbed by the drop in the power of PASOK in the urban centers, especially in Athens and Thessaloniki.

## Two Changes

According to the same information, the prime minister is still expecting his advisors to submit detailed reports on what mainly professional areas there has been a loss of votes for PASOK. But he is convinced, however, that certain economic ministers have the basic responsibility for measures and handling that brought the government on the opposite side of a large group of the population. Already it is being discussed in government circles that it is very probable to have the Minister of National Economy, Mr Ger. Arsenis, and the Minister of Commerce, Mr V. Kedikoglou dismissed.

The dismissal of the latter is considered to be certain, while Mr Ger. Arsenis may be saved by being transferred to another ministry such as the Ministry of Technology and Research.

#### Moderate Line:

If this information is accurate, then it should be considered certain that very soon there will be a government initiative for some kind of reconciliation with the business world whose representatives since yesterday already rushed to emphasize that now the government has a golden and unrepeatable chance to establish a realistic economic policy. The businesses are already going from bad to worse and the time limits for averting disaster are already very narrow.

It is evident that if Mr Andr. Papandreou finally chooses this moderate line, the only man he has to apply this line in the spirit of sincere cooperation with the classes is the Minister for the Prime Minister, Mr Ap. Lazaris.

It should be noted, however, that from circles close to the party mechanism another interpretation is being given to the electoral result while at the same time an entirely different prediction is made regarding what policy will be followed by the government during the next 16 months.

#### The Hard Line.

These circles call attention to the declaration made by Mr Andreas Papandreou immediately after the first results were made known. In this statement, he said that the government will keep the contract based on honor and will continue unshaken with the people in applying the program of change. They also claim that contrary with the predictions, the economic policy will harden and the pace of the road to socialism will quicken.

In case a hard line is adopted, however, there will be intense social contrasts during the next months that will make the problems of the economy more acute.

Consequently, if Mr Andr. Papandreou insists on this line, it means that he has accepted the danger of intensifying the political turmoil and a wider support to the forces of the traditional left, as well as the course of contrasts, the loss of conservative and moderate followers of PASOK becoming larger.

9346

CSO: 3521/278



## COUNTER-INTELLIGENCE CHIEF ERSTAD ON TREHOLT, SPY THREAT

Oslo ARBEIDERBLADET in Norwegian 26 May 84 p 19

[Article by Knut-Erik Mikalsen]

[Text] "For me the unveiling of Arne Treholt was a challenge, an exciting and very difficult case to work on. When the actual arrest had to be made we were aware that it would touch off an enormous reaction. And it certainly did. But relieved when the arrest had been made? Not really. The period after the arrest was quite a strain."

Name: Jostein Erstad.

Position: Chief of the Counter-Intelligence Force.

Income: 230,000 kroner.

Family: Wife, three sons.

Home: Town house near the center of Oslo.

Drinking habits: Moderate, but not a teetotaler.

Favorite foods: Salmon, grouse.

Several months have gone by since counter-intelligence chief Jostein Erstad gave the order to arrest Treholt. He made the decision then to reveal what will probably turn out to be the biggest and most serious espionage case in Norwegian history.

People listened with disbelief to the first reports that assistant secretary Arne Treholt had been arrested and charged with espionage: was it possible?

"I learned of the suspicions when I took over from my predecessor, Gunnar Haarstad, a year and a half ago. Naturally I knew nothing about the matter before that. I too was surprised when his name was mentioned. I did not know Treholt but I knew he was a highly capable political figure and that he had worked with Jens Evensen. But the case had progressed so far that it was an inspiring task to continue working on it.

## Mistakes Must Not Occur

Did he ever consider what the consequences would be if Treholt turned out to be totally innocent?

"That would have been terrible. For this reason we are in a special position when it comes to investigating cases like this. The consequences of poor handling are much larger than they are in an ordinary criminal case. We must be quite sure, mistakes must not occur. That is why we took a long time to investigate Treholt. We were later criticized for this."

Although Erstad has had a much more open working style as head of the "hush-hush police" than his predecessors, it is not exactly easy to set up a meeting with him on a one-to-one basis. It was typical of this meeting that it had to be cleared by both the public prosecutor, Magnar Flornes, and the Justice Ministry. The limits for what we could ask Erstad about were quite clear--not a single word about the status of the Treholt case at this time.

## Iron Door

Counter-intelligence is located on the ninth floor of police headquarters in downtown Oslo. The heavy iron door closed behind us and our attendant led us down dark narrow corridors. All the way to the top of the building. We were asked to wait in the reception room. The head of counter-intelligence was busy. After a few minutes he was ready.

"Yes, that's true," said Erstad when we asked if the farmer's son from Skodje, outside Alesund, was originally supposed to be an agronomist. He attended agricultural school during the war, primarily to avoid having to work for the Germans. But that was the end of it, because the college in As accepted only young people with Nazi sympathies. Therefore his "green thumb" is now used exclusively in the flower beds at home where he has sole responsibility for working with the plants.

After the war he decided on a career in the armed forces. Just after he had started at the officer training school, he learned that he could take the entrance exam at Oslo Police Headquarters. He was one of the 70 people out of 300 applicants who were accepted. Thus his military career was unusually brief.

## Always With Police

Aside from a few years as court registrar in Volda and several years as district attorney in Eidsivating, Erstad has been affiliated with the police. Including working as an instructor at the police academy.

He was not without intelligence experience when he was appointed as head of the department. He worked with counter-intelligence for 9 years before the temptation to become district attorney became too great.

"I really liked the prosecutor job. But when the position as top man here became open I had to make a decision. I had reached an age where it was not possible for me to get as many new positions as I would have liked. Either I would have to continue as district attorney until I reached retirement age or else I would have to look elsewhere. When this job turned up I knew it was a job I would like. That was decisive. I started working as head of counter-intelligence on 1 October 1982."

It is a job he enjoys. The sphere of responsibility is a broad one. Uncovering terrorist plans, like the Achilles plot. Providing security for foreign state visitors, like Mitterrand. But the main activity is counter-intelligence. In common language this simply means uncovering espionage. As in the case of Arne Treholt.

Secret

The number of people working for Erstad is a secret. But he sees no reason to deny that "back-up men" are also distributed around at all the police stations in the country.

Is there so much work to do on espionage and terrorism that there is no longer time to catalog political leftist radicals?

"It is my impression that most of the people who think they are being kept under surveillance have no reason for it. Remember that we have a supervisory committee that keeps an eye on us constantly."

We asked him to answer quickly when was the last time the supervisory committee had reprimanded him.

"No longer ago than the copying of the membership lists in the NONVIOLENCE case. That was a sad story."

Erstad tries not to be counter-intelligence chief 24 hours a day. As soon as he has an opportunity he puts on his outdoor gear and heads for the wide open spaces--either on skis or on foot. On the job he uses a bicycle whenever road conditions permit. He also jogs once in a while. And time is needed with the family too.

And he can enjoy his work, well aware that there is considerable enthusiasm among the population for the counter-intelligence force following the Achilles case and especially the Treholt affair.

"There is no doubt that a good many people have now realized the necessity of having a counter-intelligence apparatus that can be relied on. Now they have had a concrete example. To become even better, we need increased resources. Most of all we would like a computer system that would simplify and improve our work considerably."

## Surveillance

Does he think he himself is under surveillance?

"If you mean by that that other people keep an eye on what we are doing, the answer is a definite yes. The supervisory board, for example. But if you mean being shadowed and having the phone bugged, the answer is probably no. Why in the world should I be under surveillance?"

Will he continue to serve as head of counter-intelligence until he retires?

"I have not really thought about that particular question. I don't know the answer myself. But I do know that I like the job."

Is he relaxing now that the Treholt case is "wrapped up"?

"No, that case is still the object of as much intense scrutiny as it was before. This involves interrogating witnesses and following up on information obtained from interrogations."

When will the case be done with?

"I don't know. But at some point we must bring it to a close ourselves; otherwise we will never be through with it. We must also keep the detention of the accused in mind. That can't go on forever."

"No, we will not be through until we bring this to a close."

Does he regret not having become an agronomist?

"No, I have no reason to do so. I have had interesting and challenging jobs all along. So being an agronomist--no, it's probably better that things went the way they did," said Jostein Erstad.

6578

CS0: 3639/125

## COMMUNIST PARTY REPORTEDLY BEHIND FP-25 APRIL

Lisbon 0 DIABO in Portuguese 5 Jun 84 p 8

[Excerpts] Once again, with this new wave of attacks, for which the self-proclaimed "25 April Popular Forces" have taken credit, we are witnessing the spectacle to which the PC [Communist Party] has accustomed us for a long time: the attempt (and the temptation) to dissociate itself from the terrorist activities of the groups of armed gunmen who are spreading violence and bloodshed throughout this country. The best defense is attack. To top off the irony, in this instance, involving the "FP-25A," as in others in which it is an interested party, PC has gone so far as to be more critical and categorical than the government!

As we know, sooner or later, behind the screen, there will be uncovered the connections of the Communists with the groups which constitute the terrorist force that no PC has available to carry out its strategy.

We no longer need to seek the example of the Italian "Red Brigades," whose subordination to Moscow the local PC and its ilk have always repudiated with the same vehemence with which the native PC is doing so here now. The truth has always ended up coming out, as it did in the case of the former ARA [Armed Revolutionary Action], the armed branch of Cunhal's followers, and in the neighboring country with the ETA [Basque Fatherland and Liberty Group] at present, even operating in Latin America and "going along" in the most brazen fashion with the Communist International, backed by the KGB.

The PC has always had its "agents on hand," to carry out its "dirty work": elements that the Communists themselves and their fellow travelers pretend to criticize, almost furiously, a "tactic" that does not deceive anyone.

It should be noted that the coincidence between the object of the PC's criticism and accusations and the targets selected by the terrorists is always constant. In that respect, the disguise becomes difficult. Moreover, since Portugal is a country wherein there is no de facto authority, misgoverned by a cowardly executive body beset by complexes, wherein the state does not have any effective security system available, the citizens feel defenseless and the politicians are susceptible to pressure and complexes to the point of being ridiculous, the PC cannot lose such a "property" that it controls as it pleases.

The PC is well aware of the little strings that it must pull in situations of this kind. With a weak, disoriented government surrounded by problems of all types, without the capacity to act, floating on a sea of corruption wherein the "ruling" class is readily swayed by blackmail, by fear or on the basis of its own petty interests, terrorism, if properly doled out, constitutes for the PC a battering ram controlling the authorities, and preventing them from reacting in a timely manner and from organizing the state's defenses. The government will gradually become emasculated by the disorder, by the demands, by the terrorism and by the deep infiltration of agents in all areas that the PC wants to control.

To the subversion of all kinds, the government has responded merely with words, which are increasingly indicative of despair, ridiculousness and impotence. It lacks even the ability to change the permissive laws of a Meneses or a Vasco Goncalves (which still govern us), much less pass others which could not remain just on paper by any means; because it would be necessary to create active structures that would lend them the necessary effectiveness.

Mario Soares remarks and transfigured face a few days ago on television revealed this very thing to us. We have reached a limit at which the citizen can no longer expect anything of the state or of those governing it.

This is why one increasingly hears the invocation (and this is what we hear everywhere) that it should be the citizen himself (despite the fact that he is impoverished and the victim of all kinds of sacrifices and injustices) who becomes organized, for lack of the state's authority, so as to replace the latter in his own defense and that of the society to which he belongs.

It is no coincidence that, here and there, self-defense groups are starting to emerge, armed to patrol areas with less vigilance in which they reside with their families. It is no coincidence that, in a different area, the associations for defense of the taxpaying citizen are gaining strength. They are natural manifestations of defense by a people who have been betrayed, abandoned and robbed, and who, having transcended the limit of despair, have decided to "make" their own "laws," to become organized and to act in the legitimate defense of the values for which life is worth living; and, sometimes, to die.

2909

CSO: 3542/56



## MUCH-TOUTED GOVERNMENT RESHUFFLE CANCELLED

Reshuffle: 'Capitulation to PC'

Lisbon TEMPO in Portuguese 31 May 84 p 7

[Text] The news fell like a bomb in political circles late yesterday afternoon: Mota Pinto had decided not to go through with the government reorganization which had just gotten under way. In well-connected circles, the information began to circulate on Tuesday. It was known that Mota Pinto had convened a meeting for late yesterday afternoon with his Parliamentary Group, as well as with the Permanent Commission of the PSD [Social Democratic Party]. Late in the day, Mota reached an agreement with Soares as follows: the PSD would abandon the reorganization, and Soares would try to gain approval of the major reforms proposed sometime ago by the PSD. Mota Pinto told his close advisors the following: "I prefer the reforms to a reshuffling." In response to rumors circulating in the evening and reported by Radio Renascenca that the president of the PSD was threatening to withdraw from politics and return to Coimbra, he said: "I am not irresponsible, and I made commitments to the country, which I intend to keep as long as I am president of the PPD/PSD."

Mario Soares and Mota Pinto had concluded that a reshuffling at this time would mean a capitulation to the Communist Party [PC] and other groups affiliated with it or supporting it. Moreover, the ministers who would be the target of a reshuffling, such as Augusto Seabra, Rosado Correia and Soares Costa, showed an interest in continuing in government, having stepped up their efforts and presented to the two heads of government numerous laws for immediate approval. In view of this, Mota Pinto and Soares concluded that to reorganize now would be tantamount to giving in to the government's enemies.

In view of these considerations, Mota Pinto decided to consult with the Permanent Commission of his party and the Parliamentary Group, before announcing his decision not to continue the reshuffling. Also contributing to this decision were the results of the study conducted by Ministers Rui Machete of the PSD and Eduardo Pereira of the PS, who concluded that a reshuffling would set back the main order of business by 3 months. Moreover, they were having certain difficulties in finding people who wanted to join the government, which discouraged them from the idea of a reshuffling.

Mota Pinto and his advisors also decided that the president of the PSD would appear much stronger in his party's next National Council if he were to take a firm stand on the issue of a reshuffling, which was regarded as imposed from the outside, and precisely by the government's enemies.

Concerned over the PC demonstration set for next Saturday, occasioned by the assassination of a former director of Gelmar, Mario Soares and Mota Pinto agreed that it would be preferable to keep the entire government in their posts, and to continue or step up basic reforms. Mota Pinto received Soares' guarantee that the laws on dismissals and agrarian reform, as well as those on household income and others regarded as indispensable for the structural reforms the Government was committed to carry out, would be promulgated within a set period of time.

This decision of the two heads of government does not mean that one minister or another, or a state secretary, will not be replaced in the next few weeks. Several ministries may also be modified. It also appears imminent that responsibility for the mass media will be handed over to the PSD. This could be incorporated into the Ministry of Culture, but in this case Coimbra Martins would leave that ministry. The reorganization also involved dividing the Ministry of Social Affairs in two. The Ministry for Quality of Life would be eliminated, and the State Secretariats of the Environment and Sports would be incorporated into the Ministry of Public Works, Urban Affairs and Housing (Transportation would form a separate ministry) and the Ministry of Education, respectively. It is no secret that there is an irremediable conflict between the minister and the state secretary for forestry in the Ministry of Agriculture.

In any event, there will be no reorganization, except in individual cases. This is what Mario Soares and Mota Pinto have decided. In the meantime, Mota Pinto is committed to implement the structural reforms that the PSD wants.

#### Machete Explanations

Lisbon O JORNAL in Portuguese 1-7 Jun 84 p 3

[Text] Rui Machete, Minister of Justice, first vice-president of the PSD and one of the negotiators for the reorganization which is not to be, told O JORNAL the following with regard to the decision to halt the reorganization:

"All political decisions have their advantages and disadvantages.

"When there is a reshuffling, the new ministers need 3 or 4 months to adjust. This would necessarily delay the implementation of basic measures which have already been announced and which are essential.

"To have a mini-reshuffling, and especially to form an alliance with all the inevitable consequences that would have for the political parties comprising it, would not be the wisest solution in the present circumstances,

when there is a disruptive campaign to incite the people to civil disobedience being orchestrated by the Communist Party."

#### Government Seen Inviting Trouble

Lisbon A TARDE in Portuguese 31 May 84 p 11

[Article by E. Mascarenhas]

[Text] The idea of a reshuffling has been dropped. Right now, says Mota Pinto, it is more important to "restructure government practices."

This is another catch-phrase, it is true, but its significance is lost in the labyrinth in which the PSD has been wandering for months.

We have always said that structural reform should be given priority. It is difficult for an observer or journalist to see how a worn-out government team, which has lost much of its prestige and, in the case of some of its members, is "on its way out the door," can carry out structural reforms in important areas and promote economic recovery.

It was the PSD that first demanded the reshuffling, failing to "respect" the timing of Soares and the PS, it was the PSD that went to all lengths to construct scenarios to put pressure on the PS, and it was the socialists, as we have already said, who led the process following the Sintra meeting, conducting it in the direction of the interests and strategy of Mario Soares and the orthodox group of the PS, who some refer to as the "Council of Civil Revolution."

Now Mota Pinto is talking about "restructuring government practices" with a team whose lack of solidarity and fresh ideas (situations to which he contributed) is evident. What better way could Mario Soares find to postpone--as he has always intended to do--structural reforms?

Mota Pinto (who once again is going to appear with empty hands at the PSD's National Council) also spoke of the need to "have a stable situation." By keeping a team in government that has already proven to be incapable of conveying hope, what better situation could there be for those who want to take advantage of a leadership crisis and a lack of gumption to initiate the reorganization of an ethical political party system, to engage in disruptive activities in Parliament and in the streets, to attack those in power with the support of a minority sector of the armed forces?

9805

CSO: 3542/48

## PARENT AGENCY OF INTELLIGENCE SERVICE STILL UNDECIDED

Lisbon 0 JORNAL in Portuguese 11-17 May 84 p 9

[Text] Minister of Justice Rui Machete is the party leader who oversees the proceedings which have transpired the past week at a high level between the two forces of the coalition to put into final form the directive that will create the Intelligence Services, based on the German, Italian and Spanish models.

During all of this week, meetings have been held between Rui Machete and Almeida Santos, as well as between two Socialist Party (PS) and Social Democratic Party (PSD) parliamentary delegations.

The two delegations are in agreement to proceed with drastic modifications in the original draft following the positions that were taken during the parliamentary debate.

A sensitive question, on which opinions diverge, is whether jurisdiction over the Internal Security services should or should not belong to the Ministry of Interior (MAI). The quarters that oppose this solution point out that it would be creating a superminister of police since the head of the MAI is in charge of all militarized forces. But, according to our sources, it also does not appear likely that that jurisdiction will fall to the minister of justice. The first objection that appears is the difficulty of reconciling the administration of justice with the administration of an Intelligence Service intended to collect information about individuals potentially susceptible of acting against so-called internal security. On the other hand, the Ministry of Justice already has jurisdiction over the Judiciary Police, which is responsible for the investigation and collection of information but only for criminal proceedings.

## Hot To Recruit the Agents

Our sources also consider it highly unlikely that the minister of defense would become head of that Intelligence Service (Internal Security) when he is already in charge of Defense Strategic Intelligence. And it would not be understood in Europe--although it is very common in Latin America--that the minister responsible for the military (whose mission is only to watch over external security) would also be in charge of internal security.

So the question of who is going to be the second (after the prime minister) in control of such a powerful and sensitive apparatus as a Security Intelligence service has been the problem that has caused the most friction among the deputies who make up the two delegations.

Another of the problems that is arising with regard to the Intelligence Service directive is that of recruiting its agents. As is known, the only Intelligence Service that has operated since 25 April (which operated even during the PREC [expansion unknown]) is that of the Armed Forces General Staff (EMG-FA). As our sources told us, it will be very difficult not to have to recruit among the military even though--still according to our source--it is likely that the service will not get started until 2 or 3 years from now, which could provide time for the training of agents specifically recruited for those services.

8711

CSO: 3542/36

## SOARES, PINTO SEEN MUTUALLY DEPENDENT FOR COALITION'S SURVIVAL

Lisbon EXPRESSO in Portuguese 19 May 84 p 3

[Column by Jose Antonio Saraiva: "The Picture of the Coalition"]

[Text] One of the strangest phenomena that this government brought with it was the flourishing of a subtle but solid collaboration between Mario Soares and Mota Pinto.

One might say that the phenomenon is natural inasmuch as they are the leaders of two parties that make up a government coalition.

However, the problem is not that simple: Balsemao and Freitas do Amaral also headed two parties in a coalition government and there was never collaboration between them.

The question is that in this government, Soares and Mota Pinto know that the future of each of them depends on the other.

Soares knows that the day that Mota Pinto falls, he will drag down the government with him. And in the event that the government falls before the presidential elections, that is, if the failure of the coalition happens before 1985, the candidacy of Mario Soares for the presidency of the republic will be seriously compromised. That is why the chief of government does the possible and the impossible to support his vice prime minister and not to cause him any problems.

For his part, Mota Pinto knows that the day the cabinet falls, his situation as president of the Social Democratic Party (PSD) will be in jeopardy because at that time he will be left without arguments against those in his party who always opposed the coalition with the socialists. That is why, although the vice prime minister criticizes various positions of the Socialist Party (PS) for public consumption, he always ends up accepting the decisions of his chief of government at the crucial moments.

Mario Soares and Mota Pinto thus have a common interest: the survival of the coalition. And it was on the basis of that interest that a subtle but solid collaboration flourished between the two which in fact would quickly turn into the main pillar of this government.



Because the fact is that the parties of which both are leaders have not always contributed to good understanding within the Central Bloc.

An example of this is the issue of abortion, which the socialists insisted on carrying forward against the will of the social democrats.

Another example is the government reshuffle.

As is known, Soares has delayed reshuffling the government for the sole purpose of helping the president of the PSD.

In a certain way, it can be said that delaying the reshuffle until after the Braga congress was a gift offered by Soares to Mota Pinto so that he could use it as an instrument of pressure over his ministers.

The logic was this: whoever wanted to remain in the government would have to support the leader in congress; whoever opposed the leader would go through the shame of being swept from the government by the same tide that would carry off the incompetent ministers.

Meanwhile, despite the fact that this is what went on, many PSD leaders appear today criticizing the prime minister for the slowness with which he has dealt with the reshuffle, suggesting that all of the delays were not due to the interests of the president of their party but to the private interests of the socialist secretary general.

The task of Soares and Mota Pinto, therefore, is not easy.

And while, even so, Mario Soares is managing to keep order in his ranks, though with exceptions, the domestication of the Social Democratic Party is proving to be more of a problem.

In the first place, because the PSD is a heterogeneous party in which there are several contending factions.

In the second place, because even those leaders who support Mota Pinto cannot fail to go on making demands on the government in order not to lose the support of the rank-and-file and the private interests that they support.

It thus follows that Mario Soares is doomed to having infinite patience to hear the criticism of the social democrats--even in those cases in which his only concern was to help Professor Mota Pinto.

It thus follows also that Mota Pinto will have to continue to act in politics like a circus tightrope walker: making demands of the PS in public to satisfy the impatience of his followers, and arranging in private with Dr Mario Soares the way both can guide the coalition to a safe harbor.

The private conversations of Soares and Mota Pinto must really be strange: the former calming the latter and giving him advice on how he should conduct himself; the latter bemoaning the problems that the party constantly makes for him and regretting the less supportive positions toward the prime minister that he is sometimes forced to assume in public.

8711

CSO: 3542/36

## NEGATIVE RESULTS OF ESCUDO ZONE PROPOSAL

Lisbon EXPRESSO in Portuguese 9 Jun 84 p 8

[Editorial: "Portugal and the 'Escudo Zone'"]

[Text] The president of the Republic of Guinea-Bissau, Joao Bernardo Vieira, took advantage of his lengthy visit to Lisbon to uphold one idea in particular: the creation of an "escudo zone."

What would this consist of?

It would consist, basically, of the creation of a zone in Africa, including within its limits all the former Portuguese colonies, in which the local currencies would be converted into escudos; just like what has been happening in the French-speaking African countries.

The immediate advantages which small nations such as Guinea, Cape Verde and Sao Tome would accrue from it are obvious.

In fact, at the very time that the Guinean peso or the Cape Verdian escudo was converted into a Portuguese escudo, that currency would have a quotation on the world stock exchange; which at present is not always the case. In this connection we might recall by way of example Guinea-Bissau, which is faced with dreadful difficulties owing to the fact that its currency is not even accepted in the French-speaking African countries surrounding it.

But we might ask: what benefits would Portugal receive from it?

There would be no benefits of a financial nature over the short term.

In addition to this, the creation of such a zone would even bring some problems.

In fact, so that the currencies of the former colonies could be converted into escudos, they would have to be covered by the Bank of Portugal's gold reserves; now this would entail a tight control over the monetary policies of those countries by the Portuguese state, which would not be easy.

The creation of an escudo zone could, nevertheless, have advantages of a different kind.

It could be claimed that this might perhaps be the only way in which Portugal could ensure, in time, significant trade relations with the Portuguese-speaking countries; which otherwise would inevitably end up being diverted to other countries of Europe or America with stronger economies, which would be willing to provide them financial coverage. And, if this were to happen, the Portuguese presence in Africa would gradually tend to disappear.

In view of this situation, the Portuguese state will have to take a clearcut option.

In fact, it will have to decide rather quickly the type of relations that the country should have with its former territories in the future.

And, starting then, it will be necessary to make the decisions necessary to materialize the goals that have been set.

For the present, it is essential to take the following into consideration: Any options that are taken over the short term will most likely be critical; inasmuch as they could determine the definitive cutting or maintenance of the umbilical cord that still links Portugal to the African countries which speak its language.

Hence, what is decided should not take into account merely the current situation, nor should the decision be made exclusively on the basis of immediate interest.

In essence, four centuries of history are at stake.

Or rather, the use that is to be made of four centuries of the presence of Portuguese culture in Africa is at stake.

2909

CSO: 3542/56

## PARLIAMENTARY VOTE OF CONFIDENCE SEEN FALLACIOUS

Lisbon O DIABO in Portuguese 5 Jun 84 pp 12-13

[Article by Agapito Pinto: "The Massive Parliamentary Confidence Does Not Conceal the National Distrust"]

[Text] By tomorrow, Parliament will begin discussing the vote of confidence unexpectedly established by the government in an attempt to conceal the deep-seated national lack of confidence that recent events (including the failed government remodeling) have heightened. The next day, Thursday, the vote of confidence will be taken. And it will certainly be taken on a mass scale by the PS [Socialist Party] and PSD [Social Democratic Party] parliamentary groups. However, the political value of this document does not exceed the value of the "profession of faith" by the generals of the former regime on the eve of 25 April, when they went to Marcello Caetano and attested to him the Armed Forces' total fidelity.

It is quite well known that many PSD deputies requested a substitution or arranged a way of having their colleagues vote, or vote with the clearcut conviction that they disagree with the vote of confidence and, in particular, with the occasion of its establishment. It is also known that, in the PS parliamentary group, the vote in favor does not represent backing for the government's mistakes or confidence that this government, as it stands, will govern better in the future than it has governed in the past.

The national lack of confidence has penetrated the coalition parties. And what happened with the PSD's National Council last weekend is a symptom that the party is dissatisfied and that it has found a temporary solution of ensuring Mota Pinto a tightrope for a few months, until a substitute solution is found; a solution which will, for the first time, find candidates to run within the party.

A Non-Existent Remodeling, But One that Will Have to 'Exist'

The non-existent remodeling was the starting point exacerbating the uneasiness within the PSD and PS. The criticism was widespread, and no explanation given by Mario Soares on television or by Mota Pinto in the parliamentary group or in the National Council succeeded in soft-pedaling that criticism.

Moreover, Mota Pinto was contradictory in what he told the parliamentary group promising that a vote of confidence would not precede new structural measures, and what he said in his vacillating, dull remarks at the PSD National Council's meeting. There, in addition to starting to plan the contest within a few months, he noted without any great enthusiasm that the vote of confidence would have to be taken now.

But the strangest aspect is that the remodeling that has not existed will nevertheless have to exist; not only because Mario Soares and Mota Pinto have already announced that state secretaries will be able to leave immediately after the vote of confidence, but also because Antonio Capucho, first in the Council of Ministers and later in the PSD National Council, announced that he himself wanted to leave, that he would agree to endure until the vote of confidence was taken; but immediately thereafter he made a point of resuming his seat in Parliament as a PSD deputy, because he disagreed with everything that was going on in Portuguese politics.

Moreover, Capucho gave one of the most violent speeches in this PSD National Council meeting, explaining that a party leadership had never had such a great lack of success as that of the Mota Pinto leadership, with this remodeling that he failed to carry out.

Therefore, there will be a reshuffle in the government; contradicting what Mota Pinto and Mario Soares have said which, in turn, has now contradicted what PSD and PS were going about telling the country for a month.

This series of lies, mistakes, contradictions and omissions is fatal to the government's prestige and challenges the very reputation of the prime minister and his number two man.

#### National Council 'Crucifies' Mota Pinto

The PSD's trouble was projected at the National Council meeting at which Mota Pinto was simply "crucified." Some remarks were so harsh, so violent and so overwhelming that such statements had never before been heard in the party, even during the worst phase of the war against Sa Carneiro, the "unpostponable options" or the division in which Mota Pinto participated at Aveiro.

For example, Rui Oliveira e Costa, from the Mota-Amaralista sector, made a charge with a dramatic effect against the government, the management of the television company, the political and economic situation and the party leadership, which left Mota Pinto and Amandio de Azevedo slaughtered; Amandio de Azevedo, who, consistently, as usual, had been one of the very few to defend Mario Soares, Mota Pinto and the government.

But, although in a less "derisive" tone, there were very violent speeches, such as those of Pedro Santana Lopes and Jose Miguel Judice, and also those of Joao Salgueiro and Miguel Veiga, belonging to different sectors, respectively the sectors led by Rebelo de Sousa and by Mota Amaral.



But these speeches, like those of many other council members, had in common the fact that they touched a sore spot and posed for Mota Pinto the very obvious question of the party leadership. Mota Pinto himself raised that question when, in a most unfortunate initial address, he announced that, in the possible (many consider it even likely) event that the structural measures are not accepted during the coming months, he would put his position at the disposal of the National Council next September or October.

#### The Succession Will Come Then

The struggle for the succession began in that way. And it was Mota Pinto himself who introduced the succession, showing that, in essence, he did not have confidence in the adoption of measures and that, for this reason, he expected to be put in a position of dissociation in a forthcoming National Council. The motions voted on were in that direction, because it was clear that Mota Pinto did not have a majority in the PSD National Council. The votes taken by the Mota Amaralistas and the backers of Marcelo Rebelo de Sousa always exceeded the votes for Mota Pinto. Therefore, it was confirmed that Mota Pinto would win votes with concrete guidelines on an election law and on the law on parties proposed by Rebelo de Sousa. For this reason, the motion to back Mota Pinto received 29 votes in favor, but 23 Mota Amaralista abstentions and nine votes opposed, primarily from Rebelo de Sousa's group. And also for this reason, the motion proposed by Miguel Veiga, of the Mota Amaralista sector, received more votes than the Mota Pintista motion. It received 30 votes in favor, as compared with 29 for the other side.

Also in the same direction, Mota Pinto never concretely specified the structural measures that he was proposing. This means that the vote of confidence will naturally be rather cautious about the drafting of those measures. It is the limited vote that will lend him support for the measures, and will not stipulate periods for the execution thereof. Even within a period of 2 months, Mota Pinto has backed down again. He has already backed down in the remodeling; then he went on to demand the structural measures during the PSD National Council meeting; and, finally, he backed down by not concretely proposing what those measures should be, and by not stipulating an exact period for their adoption.

From a backing down to the next, just barely, Mota Pinto was not forced to submit by October his presidential candidate, a proposal of Marcelo Rebelo de Sousa. This motion failed to pass by a single vote: 23 opposed and 22 in favor, with the rest abstentions. And it did not pass because the Mota Amaralista faction, with great influence, voted against it; because it was afraid to submit the name of its presidential candidate immediately. The rather categorical motion submitted by Rebelo de Sousa himself, against the government situation, was rejected by only five votes, meaning that, in fact, the uneasiness had reached the party, and was not considered only because there is a minimum amount of good sense to prompt it not to worsen a crisis situation that is already serious enough.

## The Next One Could Prove Decisive

With the opening of the succession, with Joao Salgueiro as a candidate for the succession on the Mota Amaralista side and with Marcelo Rebelo de Sousa delivering critical remarks, but giving Mota Pinto some extra time to correct his political mistakes, everything has been shifted to the National Council at the end of September or October.

There, it will be observed whether or not the structural measures have been applied. There, it will also be observed whether Mota Pinto has the courage, if faced with the non-application of the measures, to remain in the government, or whether he will take to its final consequences what he promised at this Council meeting: to leave the government and the party leadership, although without any potential threat to the coalition. There, in addition, it will be observed what chances there are of a succession; a succession wherein the majority backing him will have something important to say, a majority wherein the only voice with good sense, calmness and thoughtfulness heard during the National Council meeting was that of the vice president, Rui Machete.

All the others either attacked Mota Pinto himself, as Angelo Correia did very harshly, or remained silent, or else delivered pointed speeches. Amandio de Azevedo himself, defending Mota Pinto, often succumbed to emotional positions which were in contrast to Rui Machete's clearcut analysis.

## Much Discussion of AD

Strangely enough, at this PSD National Council meeting, there was again much discussion, appropriately, of AD [Democratic Alliance] type governmental solutions. Less than a year after the formation of the "central bloc" government, it was the Mota Amaralistas themselves who also acknowledged the virtues of the Democratic Alliance: they, backing a man who claimed that AD was a bad deal for the PSD, who claimed that it was a marriage of convenience and who claimed it to be a poor solution. Now, they are the first ones to claim that AD is indeed much better than the "central bloc," repeating overtly the arguments criticizing this "bloc" which the sector headed by Marcelo Rebelo de Sousa directed as a government solution a year ago, published in a book, reiterated at all the National Council meetings and recalled again at this one as well.

Hence, a consensus is, shockingly, starting to be formed in the party on the notion that, in spite of everything, AD is a better solution than the "central bloc."

## In the PS, Complete Upheaval

But it is not only in the PSD that the upheaval is occurring, and the race for the succession is beginning. That upheaval is also present in the PS. It is the upheaval over tone, with the most varied interpretations of feelings.

Jorge Sampaio has demanded the summoning of a political commission to discuss the national situation, the non-existent remodeling and the structural measures. For once, Manuel Alegre and Sottomayor Cardia have reached agreement, and question the government's logic, urgency and method of action, as well as the adoption of the measures that have been announced. The parliamentary group will vote for what Soares asks of it, but it will vote not only with the opposition of those who already were opposed, but also with the misgivings and doubts of all the others.

Whereas, in the PSD, what is starting to be on the agenda is, in fact, the succession to Mota Pinto, within the PS what is beginning to come over it is the instinct for defending a party that has been put to sleep by a very strong leadership, but that is starting to be concerned about the consequences of excessive party silence and apathy, which could mean a great deal to the party's future and the Portuguese political future.

The taking of the vote of confidence, which will certainly be massive, fills a gap, giving Prime Minister Mario Soares time to go to Japan and South Korea in order to explain that, after all, there is no social and political upheaval in Portugal. But it does not fill the enormous gap being experienced in a soulless coalition, and in a "central bloc" that the PSD is beginning to consider worse than AD itself, backed by parties one of which has its leader caught on a tightrope, and the other an uncontested leader who, nevertheless, should be more concerned with what is being felt in his party, and should not allow himself to be ruled by the mere obsession over the presidential elections; because, up until that time, a great deal of water will run under the bridges of ministerial remodeling.

2909  
CSO: 3542/56

## ARMY AIR CHIEF REVIEWS FRANCO-GERMAN ANTITANK HELICOPTER

Bonn WEHRTECHNIK in German May 84 pp 45-47

[Interview with Dr Tiedgen, Army Air Force general and brigade general, by WT: "In Expectation of the Antitank Helicopter 2"; date and place not specified]

[Text] The German-French memorandum of understanding regarding the development phase of a joint antitank helicopter is ready for signature. With the PAH-2 the German Army is acquiring a helicopter which is also capable of meeting the threatening situation of the nineties. Its outstanding feature is its night-fighting capability. In the following interview not only the PAH-2 is discussed but also questions relating to useful service life and combat value improvement of existing equipment and also principles of weapons engagement are touched upon.

[Question] It is understood that the PAH-2 is to be produced in a bilateral program; this naturally means that it was necessary to make compromises. To what extent was it possible for the German Air Force people to carry through their ideas regarding the PAH-2?

[Answer] In the negotiations with France it was not primarily a question of carrying forward German ideas but rather it was a question of finding a compromise which would suit both countries as well as the tactical requirements of their chiefs of staff. A basic helicopter is being jointly developed from which there will then be derived the German PAH-2 and after that the French Helicoptere d'Apui et de Protection (HAP). Then, sometime after 1995, the French Army Air Force people will obtain their antitank helicopter--they call it Helicoptere Anti-Char (HAC). I am very satisfied with the engineering solution which has been found, insofar as it is defined by the existing specification because it fully realizes our tactical requirements.

[Question] What is the great advantage of the antitank helicopter 2 as compared with the PAH-1?

[Answer] The principal advantage of the PAH-2 when compared with the PAH-1 lies in its night-fighting capability and as a result of its equipment and weaponry in its far greater capacity for penetration and survival on the battlefield.

The combat forces of the Warsaw Pact countries are increasingly acquiring the capability of also fighting at night. Thus it is really only now with the PAH-2 and its night-fighting capability that it is possible to meet this threat. It can also make use of the potential inherent in guided missiles of the third generation which are characterized by great range and a mode of operation in accordance with what is called the "fire and forget" principle. The PAH-2 also acquires greater survival capability from its passive protection, which encompasses a number of measures including radar warning. There is also its active protection by means of air-to-air missiles for self-defense. The substantially greater flight duration and useful load permits concentrated engagement at several focal points in succession without the need for interim supply. The greater range also permits it to move forward immediately from a depot located in the rear corps area.

[Question] We have heard from circles in the industry (but working with another combat aircraft) that in bad weather and fog the PAH-2 cannot be used because, for example, it does not possess adequate navigation equipment.

[Answer] It is true that the PAH-2 does not possess navigation equipment in the traditional sense. But neither is it intended, on the basis of ground radio beacons and the like, to carry out IFR overland flights at a safe altitude and to make instrument landings at airfields. Rather it is designed to be able to combat enemy tanks on a battlefield without radio navigation aids by day and to fly by night close to the ground in prepared formations and in tactical contact with fighting troops.

For this task the PAH-2 will be equipped with a combined and integrated Visionik system for gunners and pilots, together with among other things a ground-independent doppler navigation system, infrared night vision, superposed flight guidance symbolism and magnifying elements. With this equipment it will be fully capable of meeting all requirements of combat and flight round the clock.

We fliers of the Army Air Force had already had an opportunity to convince ourselves that such a Visionik system exists, functions and is relatively easy to handle. We saw this demonstrated by the TADS/PNVS installed in the American combat helicopter AH-64. But with this system--and certainly the same would be true of any possible European Visionik system--fog, haze, rain or dust can be largely penetrated so that the PAH-2 both by day and by night and even under unfavorable visibility conditions can fly, fight and stop a hostile tank--in any case as long as and to the extent that it is possible to attack the tank under these same weather conditions. Thus the PAH-2 will possess substantially more than conventional navigation equipment. It will be fully equipped to participate successfully as a flying weapons system of the army in an uninterrupted operation as part of the land combat forces.

[Question] Will there be an increase in the fighting capability of the PAH-1, for example, with regard to nighttime low-flying capability, with regard to equipment with STINGERS, etc.?

[Answer] After entrance of the PAH-2 the PAH-1 according to a decision of the inspector of the army will continue to be used in the double role of communications helicopter and antitank helicopter. This means that it must adapt itself to the threat existing on the battlefield of the nineties. This implies necessarily the need for an increased fighting capability. But narrow limits to this requirement have been set by the budget situation as it has been documented in the 1985 defense plan of the FRG. Thus it is a question of doing what is absolutely necessary in response to the existing threat without at the same time losing sight of what is financially possible consistently with priorities in the army. And so it is certainly not intended to make the PAH-1 capable of nighttime low flying, but nevertheless passive protective measures are necessary in order to assure survival capability on the battlefield. At the same time the still existing 117 ALOUETTE will be replaced by a the PAH-1/VBH.

[Question] Many countries are interested in the PAH-1; with this fact as a background we ask the following question: What has been the experience of the German Army hitherto with this helicopter?

[Answer] If one allows for the fact that the PAH-1 is, of course, a transition solution and was developed out of a civilian communications helicopter--whence comes our need for the PAH-2--then we may say that up to now we have had very good results with the PAH-1.

For the period up to the middle of 1984 the regiments have been fully organized. The PAH-1 has been completely accepted in the army and in combat exercises has been included in the weaponry of the alliance. Its performance capability in antitank operations, particularly its high mobility and great target effect have been demonstrated in exercises and in combat firing.

An average readiness for engagement over 80 percent even during the period of the introductory phase which is always more difficult, shows that the weapons system is good in terms of maintenance and repair.

[Question] The UH-1D is gradually aging. Is thought being given to a lengthening of service life and an improvement in fighting capability or would you prefer a new LTH? What do the requirements for this helicopter look like?

[Answer] As you rightly observe the UH-1D has already been in service for over 15 years and is slowly aging. In consequence the army's fliers would prefer a new LTH after 1988. Unfortunately, it was impossible to provide funds for this in the 1985 FRG defense plan. In this connection one must bear in mind that the PAH-2 has already claimed budget funds in the billions.

For this reason a service life prolongation has been provided for the UH-1D up to about the year 2000. This naturally is also not going to be exactly what you would call cheap and its cost will essentially have to be defrayed under the heading of materiel conservation. But our guiding thought is not to put any more money into it than is absolutely necessary. The threatening situation on the battlefield of the nineties will require, just as for the PAH-1, measures for keeping up fighting strength which will concentrate on passive protective measures.



[Question] In the case of the PAH-2 because of its better weapons equipment and night vision capability will there be a change in the principles of engagement for antitank helicopters in the German Army? Are we arriving at an "attack helicopter"?

[Answer] We are definitely not thinking of an attack helicopter which within the context of a front-line defense is provided not only defensively but also with offensive character against the second echelon as in the "air-land battle" concept of the U.S. Army for the AH-64.

But the PAH-2 will become the primary weapon of the commanding general in antitank defense, especially for cleaning up crises on the flanks or wings of the corps. The mobility, speed and great range of the PAH-2 permit its use over large areas covering the entire breadth of the corps. Thus at least in the beginning we shall have an autonomous engagement of the PAH. Naturally, this autonomous engagement must reenter as early as possible the combat operations of the allied weaponry, in other words come under the authority of the locally responsible commander.

The principles of engagement to be further developed in this direction must take all of this into account, in particular with regard to systematic reconnaissance, coordination of airspace control measures and exploitation of nighttime operations.

[Question] In recent years what sort of threat developments have there been? Is the HIND still being supplied in great quantity or are other models being announced?

[Answer] The threat to the helicopter on the battlefield has increased in recent years and will rise substantially in the future. I am thinking particularly of the Flak weapons and FlaRak weapons and their increasing ability to employ radar, infrared radiation and the laser, thus increasing their detection and aiming speed as well as firing accuracy even against low-flying helicopters. That is giving us considerable trouble. Also it is because of this that I emphasize the need for passive protective measures.

Also the HIND with higher-performance guns and air-to-air missiles may not be disregarded. So far as I know it continues to be supplied in large quantities. I doubt whether passive protective measures would suffice here. The question as to the development in the east, for example, of a special weapon for hunting helicopters I am not able to conclusively answer. But it is obvious that the threat to the tank presented by our antitank helicopters is understood on the other side and they will not want to observe this without some active response.

8008

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## PROGRESS, PROBLEMS IN ARMY, CIVIL DEFENSE

Vienna DIE PRESSE in German 2-3 Jun 84 p 5

[Article by Peter Zehrer: "An Army Trying to Find Itself; Is it Possible for a Defense Concept to Make up for Shortcomings of Funds and Equipment?"]

[Text] Austria's federal army in the 30th year of its existence: a constant rollercoaster with high points, crashes, and smooth sailing. Nevertheless the new defense minister, with youthful verve probably knew how to induce the Austrian to think about merits and demerits of military power of resistance. The planned leasing deal somehow to get interceptor aircraft; the "bargain purchase" of old tank turrets for the "fortified installations" in all of Austria; the visit of Friedhelm Frischenschlager to the United States: all that has moved the army, the "great silent one," once again into the center of domestic policy interest. Within the framework of the PRESSE series on the way Austria sees itself in the second republic, our editorial board member shows what to think of it, what its present state is, hopes entertained by the army.

An analysis and inventory of this army must necessarily go back to its origin. The body, consolidated within itself today,--not least and especially owing to the militia system tailor-made for Austria's modest circumstances--developed under conditions that can hardly be achieved any longer today. The original model was that of a big army which was appropriately miniaturized for a 7-million people. Undoubtedly the federal gendarmerie established already under the auspices of the allied occupation was a workable compromise suitable for the circumstances. Old hands from the first Austrian federal army and from the former German Wehrmacht and a--modest--remainder of age groups that had not been drafted were formed into an elite army which had resulted essentially from necessity.

As a result of the generally improving business situation following Austria's liberation, the generally insecure army that was not embedded in the people, who were still suffering from the aftermath of a lost war, was at the mercy of the trends of the times. Parades could not conceal the deep doldrums of the sixties; the army lacked funds, manpower, and conviction.

Poor training, useless work, and disinterest in military service resulting from the improved economic conditions entailed bitter consequences. The cadre was small, reform efforts half-hearted, dismantling was widespread. Reduction of compulsory military service to six months, viewed in that light, was only the logical consequence. The number of graduates at the Theresian Military Academy in Vienna-Neustadt was reduced to 24 men.

Today the federal army looks different. The initial trigger for the upswing came from a two-year "preliminary phase" at the moment when comprehensive national defense was laid down in the federal constitution, after a concept was adopted after much soul-searching that was workable only in Austria and thus was also credible. It was the area-defense and militia concept which would end the decline in the late seventies.

The militia army has again attracted young people and continues to do so, undoubtedly also, but not solely and not decisively, a concomitant of the general economic situation. Regaining of the mentioned credibility is manifested in the officer courses filled to bursting, in a veritable rush on the army NCO school which, with a 400-man capacity, must deal with twice as many applicants (the catchup demand in the NCO sector continues to be vast) and in an intensive interest in the reserve officer career. With 1,200 one-year volunteers per year, of which as a rule two thirds actually remain in the service, the federal army now has a positive record.

#### Self-sufficiency as Regards Technical Equipment

The material side of the Austrian national defense looks neither good nor bad. Of course, here, too, the initial phase, which was characterized by the equipment donated by the Allies with its immense variety of types, with its spare-parts problems, with its gasoline-guzzling veterans with Korean War tradition and with its enormous failure rates, has long been overcome.

Even though there was much resistance domestic-policy-wise, nevertheless success was achieved in safeguarding self-sufficiency as regards technical equipment. Apart from the battle tanks of U.S. origin, practically everything that moves on wheels or tracks in the federal army green has been developed and produced in Austria. Starting with the "Haflinger" and "Pinzgauer" via the "Kuerassier" tank destroyers to the heavy trucks, the trade marks are through and through red-white-red, recognized all over the world and an undoubtedly not insignificant stabilizer of the domestic economy.

But while authorized and unauthorized persons raised a hue and cry over the deal with the "Centurion" tanks carelessly announced and thoughtlessly formulated by the young Defense Minister Frischenschlager, a significant position of the army equipment went completely unnoticed even though concentrated attention will soon have to be devoted to it.

The Saurer APCs are ready for the scrap heap in the truest sense of the word. It is true, they do not yet fall apart even though they have been in use for over 20 years, but a generation replacement is more urgent than ever. The new, modern, larger army APC version needed more urgently than ever, has been in existence for

a long time. It is being exported for years. But while Morocco, to name just one example, has been using the Saurer equipment for years, it remains unattainable for the present to the Austrian army. The pointless worry about jobs which are allegedly jeopardized by the purchase of discarded "Centurion" tanks should rather be replaced by considerations of how to ensure these jobs by changing over to modern APC's.

There is no doubt about the fact that the started business deal with the "Centurions" is really a good deal. The mentioned unit price of 100,000 schillings bears no relation whatsoever to the actual value of this equipment that has been tried and tested worldwide and frequently is still being used.

A tank gun alone costs 2.5 million schillings and the complete turret 7 million. The barrels are fully operational, have the same caliber as the tank ammunition used in Austria and can be installed in fixed installations without special mount. Not even to speak of the fact that there are customers for the tank hulls--to mention just one example, the Israeli army is a possible interested party. And whatever is left over can be scrapped.

#### No Money for Interceptor Aircraft

If Friedhelm Frische hlager, obviously prematurely and uninformedly, had not brought up the possibility of equipping the armored units of the alert group with the "Centurions" that had never really been planned, he would have saved himself and the army the entire turmoil about the business deal described by the experts as the "coup of the century."

While the "Goldhaube" air space control system will continue to remain inefficient not only since the spectacular damage in Kaernten for a more or less unforeseeable time, they are racking their brain once again about interceptor aircraft for which no money is available.

Nevertheless it will not be possible to avoid the decision, vehemently demanded by the military, delayed by the politicians and for the time being once again rejected. It should only be done responsibly.

Speculations with a completely unthinkable Northrop-F-5 "Tiger" as operational aircraft of the Austrian "air police" that now exists only on paper are just as outrageous as the constant back and forth between fit but financially unattainable types of aircraft.

Everybody knows that the Saab 105-OE now in use is nothing but an adequate training aircraft which has at best symbolic value in defense of the airspace. With an operational speed of less than Mach-1, the aircraft is absolutely "unfit." Lay statements to the effect that the F-5 --whether or not obtained in a leasing process not secured by anything-- "would at least be better than nothing" make the "Goldhaube" an absurdity from the start.

What is bad is the fact that some parts of the army appear to accept gradually that nothing will come anyway of an Austrian interceptor. Even if we want to make our neutrality policy only somewhat credible, we simply cannot avoid "fit" aircraft regardless of whatever origin.

In this connection it is obvious that this is once again solely a political decision requiring courage for the truth, also courage for a significantly greater burden on the budget.

The domestic armament production, always endowed with international recognition, in the meantime has focussed on new features quietly and not least owing to the stimulus of former army commander Emil Spannocchi, features which would undoubtedly benefit the federal army if the politicians would display the above mentioned courage for truth and thus for consequences in national defense.

During the latest maneuvers of the 9th Armored Infantry Brigade, a gun developed by the VOEST Works that is first earmarked for export and whose use by the army is a long way off, even though the gun is called "sensational" by all competent artillerymen, was virtually shamefacedly offered to the chief of the Swiss general staff. In connection with the arrow ammunition for tanks also developed by VOEST--this goes back especially to the know-how of tank general Spannocchi--a defense system could be developed here which could free Austria in the long run of the tiresome problem of missile armament at least in ground combat.

The big hole here in Austria is of course in another respect, "in the air." All exercises prove that the air defense, be it with antiaircraft guns or missiles, is the big weak point. Starting from the assumption that in every case there will be absolute air superiority of an aggressor or also only of a "threatener," some ideas in this field will have to be generated.

The permanent quarrels surrounding a relatively insignificant number of civil servants and objectors to military service should not distract us from the fact that in general the readiness for military service among the young Austrians is significantly better than is frequently assumed. This, too, is related to the regained credibility of the defense concept since the "Spannocchi doctrine" and thus of the army in the broadest sense.

A well equipped--apart from the "mentioned holes"--alert force in conjunction with the militia is something that can be sold here. Thus the information officers, who have been active for more than 3 years in the politico-military affairs field, have it considerably easier than their predecessors. The military policy education and training in the force becomes as noticeable as the work of uniformed public relations personnel, for example in the schools.

By asking around in the educational field, the positive knowledge is gained that only rarely are the teachers putting obstacles in the way of the information officers as they used to in the seventies. An example: in Lower Austria, the militarily by far most heavily armed area of Austria, there were at the end only two schools in which the information officers met with resistance from the teaching staff. The fact that one of them is the Seitenstetten Stiftsgymnasium (cathedral secondary school) of all places is being mentioned in passing as a piquancy.

#### Top Performances and Commitment

To come back to the level of training, it must not be forgotten that the Austrian--that is proved not least by military history--has always been a "good"

soldier and achieves top performances in some disciplines. The engineers, for example, for whom there is of course an "assignment" virtually daily in a country such as ours, constantly demonstrate that they provide optimum performance with great knowledge and personal commitment also in peacetime.

It is sufficiently known that the army pilots, who are provided with inadequate equipment, are among the world's best. Viewed from this aspect, it is unnecessary to worry about the air force--of course only in case the air force is not completely abolished some day, as some signs seem to prove.

Let us recall World War II when the pilots of The Netherlands or Belgium (already then outstanding pilots) had achieved excellent successes side by side with the Royal Air Force. Before the war they had been flying biplanes and had to change over virtually overnight to the RAF Spitfires. Similar action can also be expected from the Austrians who at present can more or less only practice with the Saab 105-OE but have so much flying experience that a changeover to better equipment would not entail any problems whatsoever.

The Austrian federal army is an eminent economic factor and there is not enough awareness of that fact. The fixed expenses for equipment and rations of the soldiers, the already mentioned independent supply with movable equipment, but also the production of mines, tank traps, fixed installations and not least the barracks produced from prefabricated components leave billions in the country.

The comprehensive national defense in its military part is thoroughly professional and probably therefore exposed to so many attacks. Of course the other fields of comprehensive national defense, intellectual national defense, civilian and economic national defense, for almost 30 years have been afflicted with the flaw of amateurism--at the time when the army was started they really did not exist at all.

These three defense areas continue to be stepchildren which are being pushed back and forth in the jungle about competence and suffer from chronic malnutrition because of political myopia, Austrian "absolute indifference" and have frequently been shunted aside for too long simply also from lack of understanding.

The army's stockpiling system functions up to a point; in the civilian sector virtually nothing has happened. It can now only be gloomily pictured in the government offices what will happen in case of a threat when panic purchases will empty the food supply stocks, when the medical service to be set up by the civilian side collapses.

The medical concept, initiated by the army for years even though with considerable delay, essentially is no concern of the army. When the minister of the interior, as recently announced by him, will convoke a big civil defense symposium for the first time next year, then this is at the same time the first serious attempt to rouse civil defense from its wallflower existence and to set a new signal for comprehensive national defense. The future will show whether it will remain merely a signal. Especially in this regard there are collisions of competence as nowhere else and the budget provided in the state budget is ridiculous enough.



Interests of provinces and municipalities thus far have frustrated in many respects all uniform federal efforts to fully integrate civil defense in national defense. If they should really succeed in a project such as the one of building tens of thousands of shelter places in the planned autobahn tunnel through the Plabutsch in Graz, then this could be the snowball that starts off the avalanche in the interest of an adequate supply of the civilian population. The negotiations are underway but the outcome is in the lap of the gods.

With 250,000 volunteer firemen and close to 50,000 Austrians included in various lifesaving organizations, a tremendous potential is available per se to implement a civilian operational system which has been tried and tested hundreds of thousands of times in peacetime and now will also have to serve comprehensive national defense.

A problem that the army will not be able to avoid in the coming years and that will also entail consequences on a political level is undoubtedly the fact that the next age groups of draftees will be weak. Here, too, the federal army is faced with a "hole" even now.

At first this hole can certainly be filled by organizational measures within the army. The intervals between callups for troop exercises can be shortened and considerations in this respect are underway. A lengthening of the service time as is being demanded now and then would necessitate constitutional changes which the politicians will certainly be careful not to make.

The personnel scissors which the army thus necessarily encounters must also be viewed from another angle. A more frequent concentrated callup of the draftees for ordered troop exercises would undoubtedly have the advantage of retaining the acquired knowledge and thus would further raise the training level of the militia soldiers. In a highly technicalized army such as the Austrian federal army, this "rate of forgetfulness" will become relevant no later than starting in 2 years without a repeated callup and will become a problem starting in 3 years.

#### Too Much Lip Service

The extended-term serviceman introduced with the start of this year, who has replaced the "voluntarily extended basic military serviceman," and who must commit himself for at least one year, will undoubtedly play some role here.

Occasionally blown up out of all proportions but not really relevant are disciplinary problems which undoubtedly exist in this army but which also are no more serious than in comparable troop units. The much cited alcoholism among the cadre personnel is limited to those excesses which a group consisting of men only usually entails. The search for a sense of achievement and "celebrating" this sense of achievement now and then undoubtedly entails excesses then witnessed by young soldiers. The fact that Austria generally is a "country of drinkers" that in other public offices and private enterprises alcohol is used in excess at least as often is not supposed to minimize certain incidents, but must be noted.



It is obvious that infringements and excesses are dragged into the limelight after the fact even though the right of complaint in the army has long been so liberal that also the famous anonymous postcard to the defense ministry suffices to trigger an investigation. Viewed in this manner, alcohol problems and (as it is always brought up) addictive drug problems in the federal army are neither bigger nor smaller than any other place in this country and thus are no cause for false dramatization.

After years of insecurity, after years of experiments, after reorganizations which succeeded only more or less, the army has found itself. A self-assured rejuvenated officer corps that has grown into a just as strong democracy is now the bearer of the military idea. A military idea that is no longer encumbered by the blemish of the past, but also a military idea which does not yet possess "comprehensive" political backing.

There is too much lip service and there are too few consequences. Whoever is out there in the maneuvers, whoever sees the militia soldiers deployed in their immediate home area, whoever knows the involvement of the civilian population and its close relationship to the soldiers, its sons, knows that today national defense is not in the worst way despite all shortcomings.

That much is still missing, that is another story, that is a question which it has not been possible to resolve satisfactorily almost 30 years since the state treaty and will also not be resolved in the foreseeable future.

At any rate, to cite an Austrian proverb, the situation has decisively improved. It is neither "hopeless but not serious" nor "serious but not hopeless." It is better than many believe.

12356

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## INTEREST IN JOINING FRANCO-GERMAN HELICOPTER PROJECT

The Hague ANP NEWS BULLETIN in English 21 Jun 84 p 1

[Text]

P a r i s, June 21 - Holland would like to participate in a Franco-German project for the joint development and construction of some 570 military helicopters, Defence State Secretary Jan van Houwelingen said.

Speaking to reporters yesterday after a meeting with French Defence Minister Charles Hernu, Van Houwelingen said Holland would be pleased however to see the project become a truly European one through the added participation of Britain and Italy.

The state secretary said he had told Hernu that if Holland participated, it would be interested in contributing to work on 170 helicopters. He said Hernu had told him the project was open for participation by countries other than France and West Germany.

Van Houwelingen said he had also spoken with the British about possible participation in the helicopter project, and would confer next week with Italian government representatives.

Practical Problems

'Everyone is prepared to cooperate in principle', the state secretary said, 'but the practical implementation of that principle encounters more difficulties'.

Van Houwelingen said he had also spoken with his French counterpart François Autain about the production of defence equipment such as optical material and the construction of minesweepers at French, Dutch and Belgian yards.

In a speech to parliamentarians at the Western European Union (WEU) defence assembly meeting yesterday, van Houwelingen stressed the need for better coordination and greater initiative within the European defence industry.

He said the current small-scale competition and the resulting inefficiency of the defence industries in the seven WEU member countries could eventually lead to a situation in which 'the Western European defence industries will be little more than subcontractors for the big American weapons producers'.

## Defence 'Esprit'

Van Houwelingen pleaded for an integrated European defence industry programme within the framework of the independent European programme group (IEPG).

Using the example of the European Community's recently-initiated 'Esprit' programme for improving the bloc's competitive position on the world electronics market, Van Houwelingen said the IEPG, with proper support, could develop a programme to allow Western Europe to keep abreast of research and development in the field of defence.

This could only take place by combining and stimulating the existing national programmes in this area, the state secretary said.

CSO: 3600/39

## CONCEPT OF REVIVED WEST EUROPE UNION SEEN BAD FOR NORWAY

Oslo ARBEIDERBLADET in Norwegian 22 May 84 p 16

[Commentary by Pal Nordenborg: "Increasing Pressure on the North"]

[Text] To want to have Norway part of the West European Union (WEU) is a stronger break with Norwegian European policy than any of the attempts made up to now to expand cooperation with the EFTA countries' European Policy Cooperation (EPC).

The consulting arrangements Norway has secured with EPC are based on the type of effect Norway can achieve. The fact that someone is not satisfied with such a status is a question for itself. But membership is necessary to change it. When the EFTA countries Denmark, Greece, and Ireland do not want the EEC's foreign policy cooperation to be expanded to include concrete military and defense policy matters, it is quite remarkable when a non-EFTA country such as Norway has fewer reservations. Then we would be perceived as members of a group that can go much farther in defense coordination than the EFTA countries, which are not members of WEU, can accept. It is not surprising that some European countries have already found reason to look more closely to see what Norwegian policy now is.

## North-South

A Europeanization and a sharper bifurcation of NATO cooperation over the Atlantic is in the meantime no guarantee of a closer Norwegian connection to Europe in the south. There are many indications that it is more likely the opposite that will occur. The bifurcation of NATO east-west that is being talked about will lead to a north-south separation.

The European movement within NATO has the goal of giving Europe and the U.S. greater freedom of negotiation with each other in a newer and more global defense connection. If it is to become possible, the U.S. must be freed from some of its regular coalition commitments agreed upon earlier when the alliance was drawn up. The American demand that the Europeans must bear a greater responsibility for their own defense fits the wish of many to create a "new European identity."

## Norway the Cornerstone

But the U.S. goal of a global freedom of movement also includes a naval strategy that aims at holding the Russians in check as close to their own areas as possible. Now there are divided opinions in the U.S. on how close it is smart to go. But no matter whether it is the most warlike or the most sober who draw the last straw, the basis in relation to Europe is the same. The Americans want to change the old responsibilities to better be able to fulfill both the new and the old.

If the U.S. should carry out what is said of taking the Russians right in front of their door, then Norway is the doormat lying in front. We would probably have to go all the way to the other side of the earth, to Japan, to find a country in about the same position. But almost every conceivable expansion of the American role in the north must to a greater or lesser extent have Norway as one of the cornerstones. The clearer the distribution of work between Europe and the U.S. goes in the direction of a regional or a global role, the greater significance this cornerstone takes on in global, strategic connection.

## Bilateralization

No military head before our time's Reagan, Chernenko, Mitterrand, or Thatcher was able to go forward under the ice in the Arctic Ocean just about as easily as over the European plains or on a desert landscape. Only the most recent generation of high technology has opened the enormous sea areas around the North Pole to military confrontation. Here the Russians will probably seek refuge with their nuclear, strategic, weapons of retaliation. From here they can control the most important places in the world.

And it is here the Americans with their modernized fleet and new super carriers will meet them after they have, with their strategic missile programs such as the MX, forced the Russian intercontinental missiles more and more from the land out into the sea. The pressure on the North, and on Norway, is increasing.

How much use can NATO have of Svalbard in an open conflict? Or more directly, how much are our own areas in the north worth in a possible bargaining between the two super powers to avoid a global conflict? In such a situation the feeling of being small could become embarrassingly great for us Norwegians. Our freedom of action would be reduced, and where we formerly had a many-country, multilateral framework for the American security guarantee, we would now go toward a bilateralization.

## The Soviet Union

Norway has tried to achieve two benefits: American support and the freedom of action that lies in NATO's principle of equality of states. A shift in the alliance can quickly give us too little of the last benefit and too much of the first one to a much greater extent than we have experienced up to now.

From time to time there is someone in the Soviet Union who speaks about what NATO is doing with Norway, as if our freedom of action within NATO, or the restrictions Norway has placed upon itself, meant nothing. It is not so impossible that the Soviet Union can also see advantages in a sharper bifurcation of the alliance in the West from the point of view that the greater the distance over the Atlantic, the better.

The question is not just a timely one when one imagines a crisis or conflict in which the question can arise of a transfer of command over Norwegian forces to an allied supreme commander. In peace time as well, when negotiations are conducted to avoid conflicts, it would be better not to find a basis to ask: Which pillar is Norway really leaning on -- the American or the European one? In a military connection, the same question is: Shall an American take over command or a European -- an Englishman, a Frenchman, or a German? Or more preferably, a Norwegian?

The question of whether the development in the northern area will take place according to a bilateral or as much as possible a multinational line also has more than a little significance for other Nordic countries. Perhaps the Finns with their agreement on cooperation and support with the Soviet Union have a special interest in following the significance of a bifurcation for Nordic stability, a term they prefer as an expression of the so-called Nordic balance.

#### Nuclear Weapons

Conventionally, a European defense would be a powerful pillar in NATO. France, which today stands outside the allied military cooperation, has almost half a million women and men under arms, almost the same number the Federal Republic of Germany has. And if Spain should also join, the common force would grow by almost the number contributed by Great Britain.

But a completely decisive subject for WEU discussions will sooner or later become the nuclear weapons forces. For NATO today there are only two persons who have the final word, the American president and the British prime minister. With a little bit of good will, they can be regarded as one authority. Mitterrand rules over his own "force de frappe." Both the British and the French are in the process of extensive expansion programs. In a short time the European NATO pillar will become the third super power, even if the nuclear restrictions on one of the three European great powers, the FRG, are not lifted.

There is nothing that indicates that NATO, after the introduction of the two-pillar system, will have fewer than two decision-making authorities for nuclear weapons. We will more likely have three independent nuclear weapons forces. A division of labor for these as well will be able to take place in dangerous nearness to a breach of the nonproliferation treaty.

Since the thought of Norwegian WEU participation is most probably not based on NATO's abandoning its doctrine of remaining free to use nuclear weapons first, the question of who will be responsible for the nuclear deterrence as far as

Norway is concerned is not unimportant. Those who have become spokesmen for a Norwegian approach to a European defense cooperation are probably also of the opinion that one nuclear umbrella for us is enough and that it should continue to be American. Another example of the fact that the new European path is one of self-contradiction and uncertainty.

The thought of continually joining Norway closer to Europe when we are already there has as a starting point the old picture of center-periphery, in which Norway is on the edge. In reality, it is such an idea that is provincial. In another perspective, Norway lies in the center. But it is nothing to brag about that we live at the crossroads of the global designs of the super powers.

9124

CSC: 3639/119



## ECONOMIC UPTURN NOTED IN FIRST QUARTER OF 84

Nicosia O AGON in Greek 4 Jun 84 pp 1,12

[Text] The economy of Cyprus showed a notable improvement during the first 4 months of the current year thanks to the various measures taken by the government during the previous year.

In the report the Ministry of Finance submitted last Thursday to the Council of Ministers it is mentioned that the situation could even be better if Parliament adopted the various tax measures in their entirety.

It is said in the report that for the first time a decrease can be seen in the number of the unemployed in the course of a 12-month period but is pointed out that personnel layoffs by Greek chemical industries will produce negative results in the coming months.

The most encouraging point referred to by the report is the interest shown in making investments in new industrial sectors which it is believed will be converted into investing activities before the end of the current year.

Among other things the report mentions that:

Statistical data for the first 4 months of 1984 show a clear tendency for various negative areas of the economy to reverse themselves and, more generally, an improvement in the economic situation.

In particular, it is apparent from the data available so far that exports of manufactured domestic products during the January to April 4-month period rose by 22% (in comparison to a 7.8% decrease which occurred in 1983) while total exports increased by 37%.

The above favorable developments in foreign trade, together with the 4% increase in the flow of tourism (19% if the Lebanese are discounted) led to a significant improvement in the nation's balance of payments.

It must also be noted that foreign currency reserves at the end of April were slightly higher in comparison to the end of December, whereas during the corresponding period of the previous year a decrease of the order of about £13 million had been noted.

A growing recovery in the foreign demand led to a significant acceleration of production in spite of the fact that the rate of domestic demand showed a decline. It is calculated in advance that the growth rate during the first 4-month period was over 8% in comparison to 2% during the corresponding period of 1983. This acceleration also led to a decrease in the number of the unemployed which was slightly slower at the end of March than at the end of March 1983.

It is natural to expect some slowing down for the remainder of 1984 in both the growth rate of goods for export and in tourism trends. Because of this expected decrease, it is foreseen that the growth rate will also be checked but within satisfactory limits since it will come close to 5%. It is of significance to note that the growth rate of the remodelling sector will show an important acceleration and that the agricultural sector, in opposition to what happened in 1983, will show a favorable growth rate. A small increase is also expected in the growth rate of the services, transportation and communications, construction and commerce sectors, whereas the growth rate of the other sectors is expected to show a slight decrease.

In contrast to foreign demand it is expected that domestic demand both in the areas of consumption and those of investments (excepting the expenditure for the purchase of Cyprus Airlines aircraft) will increase at a very slow pace.

In particular, where the demand for investments is concerned, it is expected that consolidated investments (except in the case of investments for aircraft) will show a real increase of the order of 2% as a result of some stimulation of the production sector (mainly in the public sector) and a recovery in production investments is also expected to emerge as a result of the measures which were introduced those being chiefly the new tax measures. In contrast, a decrease is expected in investing in new deposits.

Private consumer demand is expected to register an increase of the order of 3% in comparison to about 5 1/2% in 1983. The slowing down of the rate of increase will be the result of both a decrease in the growth rate of the available private income and of a return to saving a portion of the gross available personal income on the 1983 level according to forecasts.

Despite the foregoing improvements it is expected that national reserves will only cover 74% of the gross investments of the economy in comparison to 77% in 1983.

This decrease is due naturally to the increased proportion of the gross investments of the economy (from 32% to 34.3%) because of the purchase of aircraft for Cyprus Airlines. If the value of those airplanes (£60 million) is deducted the proportion of the gross investments covered by national reserves rises to almost 87%.

As a result of all the above developments, the gap between domestic demand and domestic supply is expected to increase from 13.1% of the gross national product to 13.7%. This increase again will be the result of the purchase of the aircraft since if the cost of their purchase is not taken into account the gap is reduced to 8.7%.

In view of the fact that the widening of the gap is due to the purchase of aircraft it is natural to expect that the consequences of this widening will show up in the balance deficit of current transactions, which is expected to come up to £120 million or 10% of the gross national product for 1983. Once again, if the cost of the purchase of the aircraft is not taken into account the deficit is limited to 60 million pounds or 6% of the gross national product in comparison to 94 million pounds or 8.6% of the gross national product for 1983.

The rate of inflation for the entirety of 1984 is not expected to exceed 4 1/2%.

12278

CSO: 3521/275

## INDUSTRIAL EXPORTS CONTINUE AT FAST PACE

Copenhagen BERLINGSKE TIDENDE in Danish 5 Jun 84 Sect III p 2

[Article by Frank Dahlgaard]

[Text] The Danish balance of trade shows a deficit of 3.2 billion kroner during the first 4 months of the year.

The industrial production and the volume of industrial exports are increasing at a fast pace. On the other hand, agricultural exports are not doing too well.

During the first 4 months of 1984, the volume of Danish industrial exports was 19.1 percent above the level for the same period last year. The volume of Danish industrial exports has thus increased at the same enormous rate as the total volume of our commodities imports.

This appears from a report from the Danish Department of Statistics on Denmark's foreign trade during the first 4 months of the year.

While the total volume of commodity imports increased by 19.6 percent during the past year, Denmark's total volume of commodity exports increased by 12.1 percent only.

Agricultural exports, however, account entirely for the lower increase in the volume of exports: Animal products exports thus increased by 4.6 percent only, canned meat and canned milk exports increased by 8.2 percent only, and the export of vegetable agricultural products increased by only 11.0 percent.

Industrial exports, however, which account for two-thirds of the entire commodities exports, increased by as much as 19.1 percent.

The trade in ships and aircraft has contributed to lowering the total increase in the volume of Danish exports. On account of a particularly large volume of ships sold during the first months of 1983, it is here a question of a direct decline in exports--a circumstance which, of course, also contributes to lowering the total increase in the volume of exports.

The most recent figures of the Department of Statistics for the development in industrial production show a growth in this country of 9.3 percent--the largest production increase in Western Europe. Only the United States and Japan have of recent years experienced higher growth rates in their industrial production.

As far as the import situation is concerned, goods imported for direct consumption increased by 25 percent during the first 4 months of the year compared to the same period last year. Only machinery imports show a faster growth rate, viz. 29 percent.

During the period January - April 1984, the total deficit on the Danish balance of trade amounted to 3,180 million kroner as against a surplus last year of 273 million kroner.

7262

CSO: 3613/179

## BRIEFS

UNEMPLOYMENT DROP CONTINUES--The records show that there are now 10,700 less unemployed than at the same time last year. The most recent report of the Directorate of Labor, dated Wednesday, 30 May 1984, shows a total number of recorded unemployed in Denmark of 283,760 persons as against 288,990 during the previous week--and 294,500 at the same time last year. Since the turn of the year, the unemployment rate has dropped by well over 64,000 persons as against a drop during the corresponding period last year of only 40,500. Ever since the beginning of May, the weekly jobless rate of the Directorate of Labor has been lower than the jobless rate at the same time in 1983--and the difference has kept increasing. The drop in the unemployment rate throughout the past week has been felt in particular within the building sector, within the engineering industry and among members of the Semi-Skilled Workers' Union. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 5 Jun 84 Sect III p 2] 7262

CSO: 3613/179

## THOMSON GROUP SUPPORTS BUSINESS COOPERATION CENTER

Paris LES ECHOS in French 2 May 84 p 3

[Text] During the Fourth National Crossroads for Business Development and Cooperation, organized by the Center for Business Cooperation (CREN) last 26-27 April in Paris and concurrent with meetings in five other large cities (Bordeaux, Lille, Lyons, Nantes and Strasbourg), the Thomson group announced its decision to provide logistic support for the efforts of this association, created in 1980 on the initiative of the French Institute of Expert Accountants, the National Association of Official Receivers and the National Association of Legal Advisors and joined last year by the Young Notaries movement.

"Thomson daily provides work for hundreds of small and medium-sized industries and enterprises," Mr Jacques Fayard, the chairman and managing director of the group, specifically stated. "It's therefore only natural that we are constantly concerned with the harmonious development of the small enterprises. We are fascinated by the approach adopted to achieve this over the past 4 years by the CREN team. We've decided to offer them supplementary funds to in particular help them to let themselves be better known."

Helping businesses and potential businessmen to define their approach to development, diversification or investment and especially to conduct corresponding partner research, this is in fact the mission the CREN has set itself. A mission that is justified by the very large number of statements of condition that are filed in France: 23,000 in 1983.

Now 99 percent of French businesses have staffs of less than 500 people and, above all, they employ 60 percent of the active population. They involve all activity sectors. But very few of them have their own means of dealing with tomorrow's markets.

"Planning for the future requires not only the options, but above all the technical, financial or human means," Mr Jean-Paul Robichon, the director of the CREN, thinks. "It's all this that we propose to find through an investigation of the potentials existing in France as well as abroad. Our role will then be to put suppliers and customers in contact with one another after having effectively identified their needs with them," he said.



Thus at the start the CREN went ahead and compiled card files, studied reports and set in motion data systems suitable in terms of favoring this development of a current of supply and demand.

#### More in Evidence at the Site of Operations

At the present time it has a large card file that enables it to guide heads of small and medium-sized enterprises in the direction of intercompany agreements, the pooling of resources, the adoption of coordinated strategies and of encouraging them to open their doors and their capital to the new managers.

The result: several hundred applications a year and 300 permanently handled cases, 20 percent of which, according to the CREN, are implemented in less than 12 months time.

The support provided by Thomson should permit the CREN to be more in evidence at the site of operations and closer to the companies and their concerns. Mr Fayard has in fact proposed to Mr Robichon that he facilitate the introduction of the CREN into the regions, specifically by financing communication campaigns and making available to correspondents suitable information material.

Another area for collaboration: logistic aid abroad by Thomson favoring the development of export partners.

The CREN is in fact playing an ever-greater role in the field of research reports on foreign markets.

11,466

CSO: 3519/368

## BANK OF FRANCE GOVERNOR'S LETTER TO MITTERRAND

Paris LES ECHOS in French 9 May 84 p 35

[Extracts of letter sent by the governor of the Bank of France, Mr Renaud de La Geniere, to the president]

[Text] 1. At the government's proposal, Parliament last year passed a new law organizing the banking profession. The previous regulatory statute went back to 1941-1945.

As far as the Bank of France is concerned, it has been confirmed in its mission of supervising currency, credit and the smooth functioning of the bank system, as established by the 3 January 1973 law. The new bank law also retains for it the position that has up to now been reserved for it in its relations with the Ministry of Finance and lending institutions.

2. The evolution of the monetary system bears witness to how far our country has come down the path of restoration of our domestic and foreign equilibrium and to the effort that is still to be expended to achieve recovery and make it lasting. In connection with this, the readjustment of exchange parities in the European Monetary System (EMS) that was made on 21 March 1983 and the economic policy measures that accompanied it in our country mark an important milestone....

In fact the expansion of the money supply in 1983 amounted to about 10 percent, which represents a slowdown of approximately 2 points in comparison with the figure for 1982. Also, while the goal we had set ourselves was surpassed, we did advance in the desired direction.

The increase in the money supply has remained at a high level when we consider the fact that the increase in volume of the GDP probably did not exceed 1 percent in 1983. It is therefore not surprising that, in keeping with our experience in France in past years, most of the difference is to be found in rising prices.

Our efforts should therefore be pursued along the same lines. In connection with this, a fundamental reorganization of the equilibriums of the different categories of factors and of the economy as a whole is more effective than regulations, controls and subsidies which, at the level of company margins or investment selection, produce vicious effects that increase the longer they are in effect.

3. An examination of the counterparts of our money supply bears witness to the improvement in our economy's foreign balance....

In 1983 the money supply rose by 10 points: 12 points attributable to domestic loans with foreign relations reducing expansion of the money supply by 2 points.

This recovery must be consolidated. If the current balance of payments were to remain or again become a deficit balance, our net foreign debt would continue to grow. Now it is not enough for us to slow down this growth or even to halt it; it must be made to give way to a gradual reduction. To do this, there is no other way but to make the current balance of payments a surplus balance, which is, moreover, in keeping with the inclination of an industrialized country.

4. Persisting, although reduced, the gap between inflation and the foreign imbalance had two consequences in 1983.

The first was that a new monetary readjustment in the EMS had to be made in the spring.

The second consequence had to do with the Bank of France and the Foreign Currency Stabilization Fund's volume of foreign currency reserves, the net reserves for foreign currency liabilities. After 2 years during which these net reserves had sharply declined, they managed to first of all stabilize, then even somewhat increase them (the gold reserve has remained intact and free of any obligation). Along with the need to reduce our foreign debts, the necessity of pursuing the reconstitution of our reserves and raising them to a level more in keeping with the size of our country's foreign transactions is a powerful argument for the return to a structural surplus in the current foreign balance.

5. The reduction of the current operations deficit (and particularly that of the trade balance) is due to the combination of the recovery that has manifested itself with vigor in the United States and more hesitantly in Germany and England and moderation in terms of domestic demand in our country.

It remains for us to lay the groundwork for a recovery which, modeled after the one at present in progress in Europe, is a generator of neither inflation nor a foreign deficit. The precondition for this is that firms must be capable of reconstituting their margins, which have been reduced these past few years, and that they essentially earmark them for the realization of productive investments. Increases in profits that are distributed and in wages must therefore be contained.

The same rigor must be applied to public finances. To really be of benefit to the economy, a reduction in obligatory withdrawals must accompany a narrowing of the gap between public expenditures and the GDP as well as a reduction of the budget deficit.

No matter where the deficit lies, it weakens our economy's ability to compete and it engenders a foreign deficit.

6. Reduction of the rate of expansion of the money supply and of the destruction of our currency from abroad has led us to control the generation of money through domestic credit to an even greater extent. This has been made possible through development of the financial market, support for interest rates and selective credit regulations.

7. The weakening of the efficacy of the role of the price of savings and credit in the regulation of the money supply and demand for money has led us to institute and then gradually strengthen selective credit regulations in order to retain control over the money supply.

If we consider the fact that regulations have become more selective and that the Treasury's financing needs are having a greater effect on the generation of money, we may guess that almost half of the rise in bank liabilities in 1983 was the result of choices more or less directly engineered by the administration.

8. Despite these shortcomings, the results obtained in the conduct of the money policy have contributed to the improvement noted in the domestic and foreign balances. Monetary authorities, have also agreed to continue the action that has been launched in 1984.

For an increase in the GDP estimated at 7.7 percent (1 percent of which in terms of volume), the quantitative monetary objective has been set in the form of a bracketing of from 5.5 to 6.5 percent, a level that reinforces the credibility of the deflation sought by the government.

Another economic policy objective is to regain a surplus in the balance of current payments as soon as possible. We have therefore accepted the fact that the increase in domestic loans will henceforth probably be of about the same magnitude as that of the money supply, which should bring the monetary damage inflicted from abroad down to less than 1 percent of the money supply.

Within this restrictive framework, directed loans will once again increase at a rate faster than that of the money supply, specifically because of the new financial channels established at the time of the creation of industrial development accounts.

9. The advances that have been made and those that are yet to be made are and must continue to be the result of a policy backed by exchange rates that are as stable as possible. If we fail to achieve this, foreign monetary depreciation will set inflation in motion again, a process that will swiftly lead to a weakening of trade through the deterioration of firms' margins and the foreign balance. In connection with this, our foreign exchange system is dependent, on the one hand, on the EMS and, on the other, on the evolution of the dollar.

Thanks to cooperative policies and the greater convergence of these policies among the member nations, the latest general readjustment of parities has marked the beginning of a better balanced period for the EMS.

As far as the dollar, the chief currency of the international monetary system, is concerned, its rise by over 15 percent as against the German mark in 1 year's time has slowed down deflation in Europe. Following on the appreciation in value of the preceding years, there is no real economic justification for this one.

At any rate, after the 1982 crisis, international banking relations started to move in the direction of normalization in 1983. The most difficult due dates for certain countries' foreign debts could be accommodated. The increase in credit returned to a more subdued pace.

10. Through necessity and inclination open to the outside world, a country like ours must have an economic policy that is coordinated with that of its chief partners. So with them we accept the disciplines of the market. Following another path would, through protectionism and monetary depreciation, drive us into isolating ourselves. Assuming our share of the common constraints puts us in a position to expect the same rigor of our partners and to participate in the monetary orientation of the Western world.

11,466

CSO: 3519/368



## NATIONALIZED INDUSTRIES SEEK NEW FUNDING SOURCES

Paris LES ECHOS in French 3 May 84 pp 2,3

[Article by Jacques Jublin]

[Text] Everything is propitious "in the kingdom" of the nationalized industries to have at their command as much fresh capital as possible in this time of famine, when the government has shown itself to be relatively tight-fisted, granting only 12.85 billion francs in capital appropriations in 1984 to its industrial pupils.\* Lacking cash, the combines are vying in imagination with one another since, after all, they have to survive, innovate, conduct research and invest.

The exercise is all the tougher since, not only has Laurent Fabius asked the nationalized companies to show a profit in 1985, but also to assume financial responsibility at this time. Anything goes. Right up to the most original and most surprising formulas. The ultimate bit of shrewdness, that of the CGE [General Electric Company], which has quite simply proposed to its stockholders that they be paid with shares.

Payments on paper substituting for cash to keep more liquid assets in their own hands. At least here we have something that demonstrates the gush of ideas of an industrial socialism that is short of capital.

In conformity with legal provisions, the CGE proposal bears witness to a certain caution with respect to the government by a combine that has not enjoyed the leisure of being funded this year, after having benefited from 150 million in 1983. Since its stockholders are not generous, it is getting ready to give them paper.

Another cautious move: stockpiling 100 million francs in a special reserve fund for development.

Knowing that 43.2 million are to go to the National Industrial Fund for taxes, the CGE will distribute 106.7 million francs out of a net income of 251.6 million as against 248.2 million the year before.

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\* One billion is to be added to this for investment in conversion centers.



Probably no one is really surprised that the CGE is resorting to this formula. But how will the private stockholders of CIT [International Telephone Company]-ALCATEL [Alsation Company for Atomic, Telecommunications and Electronic Construction], a CGE subsidiary, which has been given the option of being paid in either cash or stock, react?

#### Renault's Billion

Other groups short of capital do not refrain from issuing paper. Thus Saint-Gobain has "raised" over 1.3 billion francs on the financial market with securities including participation in management having different profiles, some of which are payable in ECU's.

Renault, one of the biggest investors among the nationalized companies, if we except ELF [French Gas and Lubricants], is also trying to get the upper hand over institutional and private investors through management participation securities amounting to over 2 billion, having issued a second block of 1 billion last April. Enough to supplement the 750 million collected from the Industrial Modernization Fund out of the 2 billion "allocated" to the nationalized companies and private groups for those establishing themselves in conversion centers.

Thomson, which is in need of considerable funds to prepare for the future, cannot be satisfied with the billion-franc appropriation made by the government. Hence the bond issue amounting to 2.3 billion francs.

Pechiney, whose health has been improving from year to year, is even going so far as to "sound out" the international financial market by applying for a loan of \$420 million to guarantee 50 percent of the construction costs of its future aluminum plant in Canada.

And while Rhone-Poulenc is considering the nature of the "products" it will be offering the public, Saint-Gobain is thinking of introducing its basket-packaging subsidiary.

It is not the only one to ogle the stock exchange. MATRA [Mechanics, Aviation and Traction Company] is seriously thinking of doing so with its communications operations. Thomson has not at all excluded the possibility. No more so than CGE.

The establishment of a holding company about which five big companies corresponding to the major specialties of the "electronics empire" would henceforth gravitate is a first step toward Brongniart Palace.

An imagination all the more unbridled since the nationalized companies have to solve a sizable financial equation: their indebtedness, which has peaked at some 84 billion francs as against 63 billion in 1980.

A particularly hefty equation since they have to invest and serve as the prime movers of economic recovery while giving evidence of sound management. And be convincing after cumulative losses amounting to 47.6 billion francs in 1981, 1982 and 1983.

To boot, different heads of nationalized companies know that they cannot equally well-armed fight those who are subscribers for subsidies, SACILOR [ Lorraine Steel Mills Company] and USINOR [ Northern Mills].

Hence they are moving in the direction of mixed economy companies merging public and private capital. The nationalized companies are entering into a financial moulting phase that is giving industrial socialism another look.

Even if some people will not fail to openly cry: "denationalization."

Over 30 Billion Provided in 3 Years  
(in billions of francs)

<u>Company</u>	<u>Capital Appropriations</u>		
	<u>1982</u>	<u>1983</u>	<u>1984</u>
Saint-Gobain	—	.25	.15
Pechiney	.5	.7	.15
Rhone-Poulenc	.1	.3	.3
CGE	—	.15	—
Thomson Telecommunications (controlled by CGE)	—	—	.7
CGCT: General Telephone Construction Company	—	—	.3
Thomson	—	.55	1
Bull	—	1.5	1
Renault	1.02	1	1.2
CdF [ French Chemical Company]	.45	.3	1
EMC [Mining and Chemicals Company]	.1	.05	.2
Overt appropriations for the restructuring of the chemical and fertilizer industries	—	1.65	1
SACILOR-USINOR	2.8	5.7 <sup>1</sup>	5.5
SNECMA [National Corporation for Aircraft Engine Design and Construction]-SNIAS [National Industrial Aerospace Company]	—	—	.35
Total	4.97 <sup>2</sup>	12.3	12.85

1. SACILOR and USINOR actually received 6.45 billion in 1983, taking into account the budget adjustment at the end of 1982.
2. 1.5 billion of which under the heading of 1981.

15 Billion Invested in 1983  
(in billions of francs)

<u>Companies</u>	<u>1982</u>	<u>1983</u>
Renault	8.58	9.99
CGE	2.32	2.58
Saint-Gobain	3.49	2.89
Thomson	2.37	2.8
Rhone-Poulenc	2.16	2.5
Pechiney	2.03	2.7
SACILOR	1.69	2.05
USINOR	1.03	1.64
CdF	.63	.78
EMC	.37	.45
Bull	.55	1.05
CGCT	<u>.04</u>	<u>.1</u>
ELF Aquitaine	15.04	15

11,466

CSO: 3519/368

## INCREASE IN BALANCE OF TRADE DEFICIT

Athens I KATHIMERINI in Greek 22 Jun 84 p 7

[Text] There was a slight widening in the deficit gap of the balance of trade during the first 4-month period of this year resulting from the considerably larger fuel imports but also because of decreased returns from the EC. Those 2 factors counterbalanced the sizable increase in exports.

More analytically, according to data from the Bank of Greece the balance of trade in millions of dollars shaped up as follows during the first 4-month periods of the last 3 years:

	1982	1983	1984
Imports	3435	2934	3240
Exports	<u>1518</u>	<u>1078</u>	<u>1520</u>
Balance of Trade	<u>-1917</u>	<u>-1856</u>	<u>-1720</u>
Doubtful Resources	1666	1492	1250
Doubtful Payments	<u>609</u>	<u>716</u>	<u>643</u>
Balance of Doubtful Resources	<u>1057</u>	<u>776</u>	<u>607</u>
Balance of Current Transactions	-860	-1080	-1113
Capital Transfers	602	922	1131

From the above data it can be inferred that:

- 1) Imports this year rose by 10.4% whereas last year they had dropped by 14.6%. But this increase stems on the whole from larger purchases of liquid fuels (\$960 million against \$546 million last year) while imports of other goods continued to decrease due to the prolonged economic crisis.
- 2) Exports increased by 41% whereas last year they had dropped by 29%.
- 3) Doubtful resources, particularly where foreign currency from tourism and shipping is concerned continue to decrease.
- 4) A drop is also emerging in the import of venture capital.

## PRICE REVIEW INDICATES ANNUAL INFLATION RUNNING AT 18 PERCENT

Athens I KATHIMERINI in Greek 22 Jun 84 p 7

[Text] The complete data on the consumer price index for May have been published, showing as can be seen a 1.5% increase in relation to April while, on an annual basis, inflation continues to run at a rate of 18%. More precisely, the National Statistical Service of Greece published the Consumer Price Index for the month of May 1984 taking 1974=100,0 as a base.

	1984		1983	
	May	April	May	April
GENERAL INDEX	512,1	504,6	438,6	431,0
Foodstuffs	556,9	539,8	477,5	470,9
Alcoholic Beverages - Tobacco	383,7	383,9	319,3	318,9
Clothing - Footwear	544,4	541,6	439,7	435,2
Housing	465,7	464,0	409,3	408,2
Durable goods and household goods for immediate consumption	444,6	436,4	373,8	367,9
Health - Personal Hygiene	582,0	589,2	496,5	465,3
Training-Education-Recreation	526,9	518,8	443,2	431,6
Transportation - Communications	417,1	416,3	378,8	374,4
Other goods and Services	785,1	799,7	708,5	644,2

The General Index of Consumer Prices in suburban areas for May 1984 showed, in comparison to the previous month of April of the same year, an increase of 1.5% against increases of 1.8% and 1.3% which were registered in previous periods of comparison during 1983 and 1982.

For example, when comparing the price index of May with the index of 1983 an increase of 16.8% emerges against increases of 22.1% and 21.9% which were registered correspondingly when making a similar comparison between the indices of 1983 and 1982 and between those of 1982 and 1981.

The average rate of the January index in relation to May for instance, in comparison to the same period in 1983, showed an increase of 18% against increases of 21.4% and 21% which were registered correspondingly when making a similar comparison between the indices of 1983 and 1982 and between those of 1982 and 1981.

Finally the index of the period from January to May for example (for instance when comparing the May index to that of December 1983) showed an increase of 8.4% against increases of 1.5% and 8.7% correspondingly registered when a similar comparison was made between the years 1983 and 1982.

The 1.5% increase in the May 1984 index stems basically from the increase in the special group indices of "Foodstuffs", "Durable and Non-Durable Goods", "Training, Education-Recreation" and "Clothing and Footwear." More precisely, the foregoing special indices showed the following increases:

a) The "Foodstuffs" group a 3.2% increase because of the rise in the prices of: rice, beef, lamb and frozen meats, oil, fresh butter, fresh milk, condensed milk, yoghurt, soft cheese, hard cheese, potatoes, fresh vegetables, fresh fruit and citrus fruit, confectionery sweets, chocolate and fast foods out of the home. On the other hand, the prices of coffee-shop beverages and restaurant meals which the Easter bonus had been added onto decreased as well as the price of eggs.

b) The "Durable and Non-Durable Goods" group showed a 1.9% increase of 1.9% because of the rise in the price of household appliances and in that of soaps and detergents.

c) The "Training-Education-Recreation" group showed a 1.6% increase because of the rise in the price of newspapers.

d) The "Clothing and Footwear" group showed a 0.5% increase because of a rise in the price of various articles of clothing.

On the other hand the indices of "Other Goods And Services" and those of the "Health And Personal Hygiene" groups showed on the whole the following decreases:

a) 1.8% for the index of the "Other Goods And Services" mainly because of the return to normal prices for cooking which were inflated by the Easter bonus.

b) 1.2% for the "Health and Personal Hygiene" group because of the return to normal prices of services for individual care (barbers, hairdressers etc.) which were inflated by the Easter bonus.

The indices of the remaining groups had little impact on the shaping of the Index.

12278

CSO: 3521/277



## EEC MEMBERSHIP SEEN HURTING ECONOMY

Athens TO VIMA in Greek 20 May 84 p 41

[Article by P. Linardou-Rylmon: "More Heavily Indebted after Joining. The Consequences after 3 Years"]

[Text] In the economic sector, Greece's membership in the European Communities has had some serious, negative consequences. It would of course be difficult to argue that it was the basic cause of the adverse developments in the economy, but is almost certainly did not contribute in the least to reversing them. This is the conclusion that emerges from the accounting data presented by the director of the Bank of Greece, Dimitris Khalikias, and in the special publication from the Athens bureau of the European Commission.

The Bank of Greece's annual report points out that "the transfers from the Community must not be viewed as net additional income. Rather they must be compared with the burden placed on the balance of payments by the transformation of commercial transactions with the other Community countries under the Common Agricultural Policy and the common external tariff." In fact, it is estimated that the net receipts from the EEC were 10.1 billion drachmas in 1981, 40.6 in 1982, and 67.1 in 1983, while they are expected to reach 70 billion drachmas in 1984. At the same time, however, Greece's trade deficit with the EEC jumped 1.1 billion ecu's, or some 68 billion drachmas in 1981, according to EUROSTAT (the EEC's statistical service). In 1982 the total trade deficit jumped 1.6 billion ecu's, or some 100 billion drachmas.

Of course it would be difficult to blame the deterioration in the trade balance only on membership in the EEC. It is, however, a fact that the net receipts from the EEC do not make up for the deterioration.

It is also certain that membership in the EEC has not checked the continuous increase in the deficit in the "balance of payments before external borrowing," i.e., in essence, the increase in external debt. At the same time there is good reason to suspect that it has helped maintain the Greek economy's unfavorable external position and contributed to Greece's now definite entry into the group of countries with external debt management problems.

One specific striking consequence which the Bank of Greece's report stresses is that "the country's trade balance with the EEC in agricultural products has gone into the red since joining."



In fact, this account has moved from a surplus of 128 million ecu's in 1980 to a deficit of 157 million in 1981 and 287 million in 1982. At the same time, the overall surplus in agricultural trade has been reduced from 315 million ecu's in 1980 to 150 million in 1981 and to 39 million in 1982. In other words, it has almost been wiped out. The net receipts in the agricultural sector largely make up for these reductions in the external agricultural surplus. If, however, it is a fact that thus far the Community resources have helped increase agricultural incomes, still it also is true that they have financed the increase in imports of Community agricultural products into Greece: in 2 years, from 1980 to 1982, these imports increased 3.5 times in terms of ecu's and 4 times in terms of drachmas.

Membership in the EEC is not the only economic strategy issue that is up for discussion. It has, however, contributed to a development that has now become quite obvious: to the transformation of Greece from a country that negotiates and manages the "net receipts from the EEC" into a country that negotiates and manages its increasing debt with the European banks.

12593

CSO: 3521/252

## NO ECONOMIC RECOVERY SEEN AFTER PASOK CONGRESS

Athens I KATHIMERINI in Greek 20-21 May 84 pp 1,3

[Article by Nikos Nikolaou: "Greek Economy Definitely Loses Any Chance of Recovery. Firmly in the Service of PASOK Goals. 'Party Men' Prevail at Congress; They Directly Influence Papandreu's Actions and Decisions"]

[Excerpts] The recent PASOK congress will cast its shadow over the government's economic policy as it develops in the coming months. This crushes the very last hope of shaping a realistic policy and achieving a broader consensus in party and society which would first stabilize the economy and then create the preconditions for recovery.

On the contrary, it is now certain that in the medium run the measures and decisions the government takes will lead to harsh confrontations with certain classes without benefiting the others. They will progressively reduce economic freedoms, thus signaling the party's attempt to promote its own model of an authoritarian, centralizing, and centrally directed economy.

Authoritative economic circles now agree in this pessimistic assessment, realizing with concern that the congress constituted a decisive step towards the supremacy of the party apparatus. This means that the priorities to be considered in shaping future economic policy will be faithfulness to dogma and obedience to party commands rather than economic development, which is the sole road leading to a steady improvement of the people's material and cultural level.

We have embarked, then, upon a difficult course which, if it is not cut short in time, will depress economic activity, at a time when all the other European countries are speeding up the economic pace.

During the OECD meeting that concluded on Friday in Paris, it was noted that today's economic recovery in Europe, North America and Japan has surpassed even the most optimistic predictions. If Greece would take the proper measures, this recovery would certainly lift our economy out of its slump. International trade is increasing. In conjunction with the large devaluation of the drachma, this creates favorable conditions for exports, and, together with this year's big tourist season, would revive domestic production.

How can this attractive prospect come true, though, when the government's economic policy is hardening and the attack against business is intensifying? After all, it is precisely through business that economic progress will be achieved.

#### The Congress

Economic circles feel that the PASOK congress justified the fears of all those prudent members of the government who, headed by Ap. Lazaris, had appealed to Mr Andr. Papandreou to postpone the congress, at least until after the Euro-elections, since it is now obvious that the congress certainly would not have produced that hard-line, dogmatic platform if it had taken place in other circumstances, when Mr Papandreou would not have needed the party officials so much in order to ensure the best possible results in the Euro-elections.

According to these economic circles, the congress sanctioned the "Movement's" undoubtedly individualistic and leader-dependent character. At the same time it confirmed that the party men have emerged victorious from the struggle that has been going on continuously for years now among parliamentarians, technocrats, and party men to determine which of them will influence the party's president. They did not simply prevail; they literally routed the other two groups.

Obviously this change in the correlation of forces among the various groups that make up PASOK is fated to affect economic policy. From now on which technocrat minister will dare to push for measures to stabilize the economy? Which will dare to oppose the party apparatus' planned policy to slander and then nationalize all the large companies?

Mr G. Arsenis was left out of the Executive Bureau. Possibly because Papandreou wants to be able to get rid of him more easily after the Euro-elections.

Also left out, for other reasons of course, were the "rightists" Koutsogiorgas and Skoularikis. The relatively more sober Akis Tsokhatzopoulos also came out weakened.

The strong man in the new Executive Bureau is now Laliotis, a pure-blooded follower of third-road socialism around whom the most hard-line party men have gathered.

To be sure, Papandreou remains the undisputed leader of PASOK. Without his vote-getting ability the others would have no hope of surviving now or in the future. The congress also proved, however, that inside the apparatus certain tendencies are developing, if not towards independence, then at least towards some autonomy. It is no accident that the whole Kastri group (Stratis, Ziogas, Katsifaras, Katsanevas, etc) received the fewest votes!

12593

CSO: 3521/252

ECONOMIC

GREECE

BRIEFS

IMPROVING BALANCE OF TRADE--There has been a significant improvement in the balance of payments, basically because exports have increased and imports have been reined in. According to data from the Bank of Greece, in the first quarter of the year, the trade deficit amounted to \$1,336 million, compared to \$1,460 million in the corresponding period of 1983, a decrease, that is, of 8.5 percent. There was also a decrease of 7.1 percent in the current account, where the deficit was held to \$856 million, compared to \$921 million in the same period last year. [Text] [Athens to VIMA in Greek 20 May 84 p 6] 12593

CSO: 3521/252

## INDUSTRIAL SECTOR CONFRONTED BY TOUGHENED EEC CONDITIONS

Madrid EL ALCAZAR in Spanish 5 Jun 84 p 7

[Text] The European Common Market is continuing to make its conditions for Spain's membership even tougher, causing serious damage to our already battered economy. During the first quarter of 1984 Spain's cumulative steel production was 3,372,909 tons. This is a 2.7 percent decline in relation to production during the same period in 1983.

During January and February of this year steel production was 1,138,000, and 1,145,500 tons, respectively, according to the final data, while the provisional data for March indicate a steel production of 1,098,000 tons.

Finally, according to provisional data from UNESID (the steel industry association), Spain's production in April was 1,145,500 tons, an increase of 1.2 percent over the April 1983 production level, when it was 1,131,382 tons. In addition, based on provisional data for March and April, steel production during the first 4 months of this year was down 1.8 percent from the same period of 1983.

Despite all this, the Common Market continues to say that our steel production must be cut back even more, claiming that Spain must present a detailed steel industry reorganization plan before the membership negotiations are completed, according to sources close to the Community.

At a meeting of a special panel of Community experts held in Brussels, they discussed the Common Market's "information gap" on the Spanish steel reconversion plan; they believe that the Spanish government overestimates its domestic steel consumption capacity.

According to Community statistics, steel consumption in Spain declined from 11.7 million tons in 1974 to 7.6 million tons last

year. Nonetheless, they still consider this excessive. According to the "Eurocracy's" data, for 1982 the Spanish government estimated domestic consumption at a total of 20 million tons of steel, almost 3 times more than real consumption that year.

So the Common Market expects to receive further information from our government on its plans for reorganization of this sector and on the methods and criteria to be used. Spain must impoverish itself even more than it already has, if it wants to become a member of the EEC. That, and only that, is the Community's position.

#### Reorganization of All Sectors

So now it is becoming necessary to reorganize all the productive sectors of our nation, to accept the loss of thousands of jobs, and finally, to face an economic catastrophe, if the EEC is to accept us.

The reconversion of different sectors has already begun. The steel industry reorganization is only one of a number of these reorganization plans, affecting shipping, footwear, fishing, machinery, etc. With regard to machinery, the reconversion of the machine-tool sector will require an investment of 15 billion pesetas, according to a study prepared by the Spanish Association of Manufacturers of Machine Tools.

This study has been submitted to the ministry of industry, which has confirmed that there will be an immediate reconversion of this sector, as soon as the reindustrialization law has been passed.

This sector is now facing a severe crisis, reflected in a 26 percent decline in exports, down from 19.233 billion in 1982 to 14.3 billion in 1983. This sector has 145 firms employing approximately 8,000 people. Their total volume of business in 1983 came to 26 billion pesetas, down 2.5 billion pesetas from 1982.

Another sector facing reconversion is footwear. In this case the Alicante footwear exporters will suffer a 2 billion peseta loss if the government decides to implement the Royal Decree calling for a reduction in the percentage of the tax exemption for exports in order to reduce the public deficit.

From January to April of this year the Spanish footwear sector increased its exports by 72.41 percent over the same period of 1983. Some sources in the Alicante footwear industry speculate that the reduction of the present tax exemption might be close to 2 points, leaving the percentage at 6 percent. This would mean an annual handicap of 2 billion pesetas. For exporters, the negative impact of the decree will be felt at the end of this year, because it will affect the companies' earnings, since sales abroad are arranged in advance at definite prices.

The crisis is now beginning to be felt in all sectors. While the Common Market continues to request that our production be lowered, businessmen continue to seek financial aid. Citrus fruit exporters on the export panel urgently need government financial assistance, according to sources on the panel. The need for this financing, set at about 6 billion pesetas, is caused by losses being sustained during this record export and production season. It has been estimated that production in the current season will be 3.5 million tons. The price rise of Spanish lemons 20 percent over the reference price, which has already been decided by the EEC, will be combined next September with probable increments of 10 and 20 percent in the reference prices of oranges and mandarin oranges, respectively.

While the customs tariff on Spanish citrus fruits remains at 12 percent, for countries like Morocco and Israel it is 4 and 8 percent, respectively. During the present season Spain is paying 11 billion pesetas for customs duties on its citrus fruit exports.

7679

CSO: 3548/269



## STATISTICAL SURVEY OF BANCO EXTERIOR HEALTH

Madrid YA in Spanish 5 Jun 84 p 21

[Text] During the last fiscal year the Banco Exterior of Spain had before tax-profits of 4.481 billion pesetas, according to the report to be presented at the next general stockholders meeting. The average annual rate of growth for the 1980-1983 period was 14.08 percent, while for Spain's "seven biggest banks" it was 7.57 percent, and for the entire banking sector, it was 10.52 percent. The Banco Exterior's share of total banking reserves grew from 3.6 percent in 1982 to 3.98 percent during the last fiscal year.

The average growth of deposits in pesetas for the 1980-1983 period was 24.37 percent, while for the entire banking industry it was 15.09 percent. The Banco Exterior's share of deposits in pesetas rose from 3.38 percent in 1980 to 4.26 percent in 1983, and from 1.99 to 3.55 percent for deposits in foreign currencies.

Banking investment for the 1977-1983 period grew at an average annual rate of 26.54 percent, not including export credits. These rates exceed the rate recorded for all Spanish banks combined, which was 14.67 percent. Investments for branch offices remained at an annual average growth rate of 13.53 percent, with the exception of the years 1980 and 1981, when the increment in the number of offices applied downward pressure on the investment/offices coefficient.

#### Export Credits

The balance of investments made by the Banco Exterior, both with its own funds which it provides through its compulsory investment coefficient in export credits and through transfers to other financial institutions, such as funds provided by the Official Credit Institute, amounted to 830.002 billion pesetas as of 31 December 1983.

Financing of capital goods came to 389.642 billion pesetas. This is 47 percent of the total credit supplied by the Bank. Financing of consumer goods amounted to 15.6 percent of the total credits granted by the Bank.

In 1983 the Banco Exterior had a total net growth in its export investment credits of 86.5 percent. The total export investment credits amounted to 147.316 billion pesetas, and the growth increment, to approximately 130 billion pesetas. Its share of this type of credit in the banking system rose from 56 percent in 1981 to 63 percent in 1983.

During the 1979-1983 period, the staff of the Banco Exterior grew by 7.05 percent a year, reaching 8,873 employees at the end of 1983. During this period, the number of bank employees throughout the industry declined by 1.39 percent.

The average annual rate of growth of the number of branch offices for the 1979-1982 period was 25.38 percent, while the total average growth of bank branch offices was 7.91 percent. Deposits per branch in 1983 were 1.175 billion pesetas, which exceeds the overall average for all banks, about 800 million.

#### Assembly of Savings Banks

On 12 and 13 June the 52nd regular general assembly of the Spanish Confederation of Savings Banks will meet in Madrid. This year there will be discussions of the following seven topics:

- a. the situation and prospects of Spain's economy;
- b. the savings banks and compulsory investment;
- c. the impact of the government deficit on the commercial structure of the savings banks;
- d. the savings banks and business financing;
- e. the situation of the savings banks sector: a comparative analysis;
- f. the social program of the savings banks given the current evolution of society; and
- g. the savings banks and the agricultural sector.

The assembly will also hear reports on the activities of the Foundation for the Confederation's Economic and Social Research Fund.

7679

CSO: 3548/269

## EFFORTS UNDERWAY TO BOOST AGRICULTURAL OUTPUT

Istanbul DUNYA in Turkish 7 Jun 84 p 3

[Text] Ankara (DUNYA) - A project being prepared by the Agricultural Management General Directorate targets a rise in agricultural yield of around 30 percent. With the project in practice, the wheat yield could rise from 159 kilograms per decare [1,000 square meters] to 190 kilograms, and barley from 165 kilograms to 221 kilograms.

The Agricultural Management General Directorate has begun preparation of a new project that includes increasing crop yields. Under the project, 39 agencies attached to the Agricultural Management General Directorate will work with a certain number of villages depending on their size and production capacity and provide these villages with the technical information and assistance needed. The aim is to expand the increased crop yield project throughout Turkey in stages.

If the project were in effect nationwide, it is estimated that total wheat production on the basis of the 1984 crop would be around 70,000 [as published] tons. Turkey's average wheat yield is 150 kilos per decare, while the average yield in the Agricultural Management trials is now 190 kilos. The barley yield is 165 kilos per decare on the average for Turkey, whereas the Agricultural Management yield is around 221 kilos.

The Agricultural Management General Directorate cultivates a total of 4 million decares and, with the project aimed at the production of goods and services needed by agriculture and the agricultural industry, intends to improve the efficiency of non-state-owned agricultural lands as well.

The crop yield obtained by Agricultural Management is higher than the world average. The world average wheat yield is 178 kilos per decare and Agricultural Management's is 190. In barley, the world average is 176 kilos per decare, while Agricultural Management's is 221.

Professor Dr Erkan Benli, general director of Agricultural Management, said in a statement to DUNYA that this would be the first time technical assistance to the grower would be provided regularly on a program basis. Professor Dr Benli stressed that the per-unit yield at Agricultural Management was very high in comparison with world levels and the EEC countries and said:

"Although Agricultural Management was able to obtain a per-decare yield of 200-300 kilos, neighboring villages may have got as low as 100 kilos. With this project that we are starting, we will let the grower see action instead of promises."

Professor Dr Ekrem Kur, head of the Field and Plant Department of the Ankara University Agriculture Faculty, said of the project that "it was about time," adding that the main problems in agricultural production were lack of information and inability to apply the technology.

Professor Dr Ekrem Kur said that success was achieved through the proper utilization of inputs and that Agricultural Management's offering guidance in this would introduce a positive dimension. Ekrem Kur spoke of the high cost of inputs, adding:

"The expense of inputs makes input management even more important. A grower who uses fertilizer at the wrong time and in the wrong amounts or one who uses the best fertilizer and seed but does not know his crop will not get a good yield, no matter how much he spends or how good his equipment. But a grower who has learned what to use, when to use it and how to use it is going to get a high crop yield. If this project is taken seriously, the yield increase expected can be obtained."

Professor Dr Ekrem Kur remarked on the importance to agriculture of the limitations imposed by nature and added that work was necessary to stretch these limitations to the utmost.

Agricultural Management plans a 1984 harvest of 200,000 tons of wheat, 30,000 tons of barley, 4,000 tons of cotton, 2,500 tons of sunflower seeds, 170,000 tons of seed wheat and 40,000 tons of seed barley. This year Agricultural Management will also raise for distribution to producers 4,000 head of breeding cattle, 20,000 head of breeding sheep, 1.7 million hatchery fowl and 1.2 million saplings.

8349

CSO: 3554/246

## NEJAT EVIS ON SOLUTIONS TO PUBLIC HOUSING CRISIS

Istanbul MILLIYET in Turkish 7 Jun 84 p 2

[Article by builder Nejat Evis: How Is Housing Problem to Be Solved"]

[Text] Nejat Evis

Nejat Evis was born in Bursa in 1930. He was graduated by Istanbul Technical University in 1953 as a master construction engineer. Following 2 years at State Hydraulic Affairs, he went to the private sector where he worked for 17 years as building foreman and then contractor. In 1973, he joined the Yuksel Construction Group as director of the building section. Since 1978, he has been a member of the board of directors of YUBETAS, Yuksel Concrete Industry and Trade, Incorporated, a member of the Yuksel Group which builds modular and prefabricated housing of pre-stressed concrete.

Housing, the need for it and how to meet this need, is one of the most important social and economic problems. It is, moreover, a constitutional right.

Housing construction is a special kind of construction that accounts for three-fourths of construction sector activity. Because housing construction has been deprived for many years of state support in our country, the housing shortage has reached a figure expressed in millions, and since new shortages of around 300,000 are added to this annually, it seemed imperative that this sector receive state subsidies. Under this view, Public Housing Law No 2487 was passed, but since the agency through which the law was to be implemented was to receive only 5-percent funding from the budget, it was impossible to get adequate financing and it has never gone further than injecting some vitality into a few cooperatives.

I do not believe there would be any organizational or technological risk in converting the money collected in this fund into housing construction. Although there may be something of a shortage in the steel and similar major materials needed, this could be overcome by imports. However, the preferred method for this problem must be to develop the technological systems to use fewer materials in building more and high-quality housing.

The only way our country is going to get out of this home-building squeeze is to put into practice the three basic principles listed below.

### Cheap Property

The first factor working against the cost of housing today is land. It is impossible to have cheap housing in the cities when land accounts for more than half the cost. For this reason, housing and construction-site policies must be devised to improve public lands in city suburbs, zone them for housing and either have the state contract for infrastructure or use idle state-owned equipment to prepare building-ready construction sites as soon as possible. These sites would be organized for multiple-housing units and made available for private initiative, which is being ignored today, at a cost no more than 10 percent higher than the price of housing to cooperative units but not so as to enable a higher return. And it must be the potential home-owner who gets the whole of the use of this opportunity. The private sector which, as documented by official statistics, has done 96 percent of the housing construction in our country must get back into this race.

### Cheap Construction

The best way to get cheap housing is to have smaller houses, bring in the technology or reactivate idle technology to use fewer materials to build better houses by using prefabrication, reduce industrial costs by operating at the known full capacity and make housing cheaper by passing this reduction on to the people through free competition.

Actually, this is something our country still does not understand. Our people make minimal monthly payments into cooperatives run by amateurs and find their desire to be home-owners frustrated for years on end. When we get credit resources, the housing fund in other words, up to the level where homes can be built, our people will be able to move into their homes, structures built rapidly by organizations directed by professionals, without wasting the small savings they worked so hard to build up.

We must accomodate our life-style to homes of 60 m<sup>2</sup>-70 m<sup>2</sup> instead of the 100 m<sup>2</sup>-plus to which we are accustomed as a nation. Living spaces and accoutrements must be multi-functional, requiring coordinated development with home furnishing and appliance technology. Reducing the home area in this way makes it possible to build more homes with the same resources.

In solving the housing problem, encouraging public and private rental housing and passing laws to that effect would bring a measure of relief to this problem. People who want to own their own home think that bigger is better in order to meet future needs -- the 100 m<sup>2</sup>-plus mentality -- and act on the psychology of property as a one-time purchase. Thus, unused vacant rooms and dining rooms used only a few times a year amount to wasted space and eat up resources. However, in rental housing, married couples without children look for one bedroom and a living room, and married couples with a child want two bedrooms and a living room. This way, there is no waste and no strain. As the family grows and economic status improves, when the opportunity to buy a house arises, they will be able to buy a property big enough for the needs of the enlarged family and all of which will be used.



## Cheap Credit

Every citizen who wants to own his own home, while augmenting his limited resources with the help of friends and relatives, considers whether the credit he must have is adequate to complete construction and whether he can get it at low cost. He also needs long terms for suitable repayment conditions.

The housing fund to be created must provide at least 75 percent of the actual value of the structure at low interest and with repayment terms of 20 years. Housing built under state credit subsidy must by all means have both quality and price control under the state or an agency acting on its behalf. In this way, the fund will not give rise either to luxury structures or poor-quality ones, but will provide the owner a home that fulfills his actual needs. If our country can meet the traditional desire of the people to own their own homes, we will have opened the door to a happier, more settled future with less frustration.

8349

CSO: 3554/246



## NORWAY VISE IN COMPETITION WITH GAS SALES TO UK

Copenhagen BERLINGSKE TIDENDE in Danish 9 Jun 84 Sect III p 4

[Article by Per Nordrum]

[Text] Great Britain was about to purchase its gas from the new Norwegian field Sleipner, but London is hesitating after having received an attractive offer from the Netherlands for large-scale deliveries in the nineties.

Officials within the Norwegian ministry of energy are on the point of losing their patience. They have been waiting for months for Great Britain's decision whether the state-owned monopolist company British Gas will be signing a contract with the Norwegian Statoil for enormous purchases of gas from the Sleipner field in the North Sea. To Norway, it is a contract worth 250 billion kroner that is at stake.

## Close to Boundary Line

The Sleipner field is the westernmost gas find of Norway and is located close to the boundary line between the British and Norwegian areas. From a purely geographical point of view, its location is thus favorable for supplies to the British. In London, however, the Sleipner contract is apparently the object of heated discussions. The settlement of the dispute will hardly be facilitated by the fact that the Netherlands last week offered the British gas supplies in the nineties which in theory makes it possible to cut the agreement with Norway by 50 percent.

When the Norwegians really began losing their patience with the slow decision-making process, they added some time, expecting that the negotiated contract would at least be ready by Easter. After Easter, Minister of Oil and Energy Kåre Kristiansen admitted that the Norwegian authorities probably had misjudged what he described as "certain factors" in the gas markets in Europe and Great Britain.

The Sleipner contract is not merely a question of an accidental gas transaction between two countries. It is a question of 250 billion kroner. It is also a question of the price of gas in the nineties, and, above all, the European gas policy and the European gas market have been a dominant factor in the entire affair.

To all appearances, it is a new situation within the gas market which has contributed to hesitation on the part of the British. Getting a broad idea of changes in such a large and important market is bound to take time. During the years 1979-1982 the decline in the demand for gas has amounted to 8.5 percent. Last year, the consumption rose anew by a couple of percent. This was probably due to the weak signs of economic recovery.

### High Gas Price

One of the reasons for the failing gas market is that the price has gradually increased to such an extent that gas has become nearly as expensive as light fuel oil. However, higher prices meant first and foremost that heat power plants felt less inclined to use gas.

Algeria has charged top prices for its gas, and, under a contract with the United States, it has sold gas at a price of 6 dollars per million heat units (BTU). A subsequent attempt to push the price even higher up caused Algeria to lose the American market. Under the Sleipner contract, according to information which has been leaked to the press, the price has been put somewhere between 4 and 4.2 dollars per million BTU.

Apart from the Netherlands and Algeria, the Soviet Union is among Norway's big competitors in the European market. And that market is, at present, marked by more sellers than buyers of gas. For the remainder of the eighties, there will thus be a surplus of gas. On the other hand, the nineties will experience a considerable shortage of gas, the prognoses state.

### Competition from the Soviet Union

The gas from the Norwegian Sleipner field will be exploited in the nineties. Unless the British hesitate too long, the development of the field may get started in time for the first deliveries to take place in 1990. After the Soviet entry into the West European market, which coincided with the decline in demand, it now covers 14 percent of the gas requirements in Western Europe.

By the turn of the century, the market share of the Soviet Union may have increased to 30 percent.

The dependence on gas from the Soviet Union has given rise to much concern among the NATO countries, especially within the United States, which was not concealed during the dispute on the construction of the pipeline to Siberia. There is no doubt that the Norwegian government finds that the British and other buyers may pay a higher price for Norwegian gas as the customers then get a politically reliable supplier. In addition, North Sea gas is more expensive to exploit than gas in Siberia.

However, both the British government and others clearly attach less importance to such strategic considerations than the government in Oslo had expected. The Thatcher government, moreover, intends to break the monopoly of British Gas in Great Britain on sale and export of gas and, therefore, may have its political scruples about the Sleipner contract.

British Gas says that they will need the Sleipner gas during the next decade. The oil companies operating in Great Britain, however, claim that British Gas may have its entire needs for gas covered during the remainder of this century from the southern part of the British section of the North Sea. However, in that case, British Gas must be ready to pay local oil companies international prices. So far, on account of its actual monopoly position, British Gas has been able to keep down the prices of gas from the British sector. The company has, moreover, been able to supplement with imported gas.

#### London Reaction

Politicians in London find that import is necessary from a security point of view. At the same time, however, they find that Sleipner deliveries become too expensive. They want other sources as well, and the Netherlands has been stressed as an interesting partner. For if the British bought gas from the Dutch, Great Britain would become connected with the continent by a pipeline. Such a pipeline would create a new situation. For it would mean a liberalization of the British gas market and an adaptation to international prices, which could give Great Britain access to gas from the Soviet Union once Dutch gas is coming to an end. In that case, Soviet gas might become a serious competitor to Norwegian Sleipner gas, which is costly to exploit and is thus bound to become more expensive.

The most recent move on the part of the Dutch has hardly been welcomed by the Norwegian authorities. If Great Britain joins the gas network on the continent, this will, of course, reduce the possibilities of Statoil and Norway on the long view, while, on the short view, it will mean that the big Sleipner contract will be reduced considerably before it is signed by the parties to the contract. And this may change many Norwegian calculations. At worst, it may, in the first instance, mean a delay in the development of the Sleipner field.

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## GREENLAND, DENMARK IN DISPUTE OVER POSSIBLE OIL FINDS

Copenhagen BERLINGSKE TIDENDE in Danish 1 Jun 84 p 2

[Article by Michael Ehrenreich]

[Text] Godthaab--Will Greenland's home rule government respect the vulnerable Arctic environment if oil is discovered in Jameson Land the same way it supported the right of sealing communities to exist during the heated debate over the so-called "Arctic Pilot Project?"

This has been the topic of a lively debate in Greenland during the campaign leading up to elections to the Greenlandic parliament on 6 June. Greenlandic politicians are now the victims of statements they themselves made several years ago during the heat of the debate over the Arctic Pilot Project.

That project involved two icebreaking supertankers of 150,000 horsepower each. According to plans, they were to transport refrigerated liquified natural gas from gas fields in the Canadian Arctic along the western coast of Greenland to industrial areas farther south.

From the very beginning Greenland objected strongly to the project, which was called the greatest threat to Greenlandic fishing to date. The Greenlanders feared that noise from the ships' enormous propellers would disorient whales and seals. In 1981 a unanimous Greenlandic parliament rose in opposition to the Arctic Pilot Project.

The Danish government supported Greenland in notes and protests to the Canadian government. In the spring of 1983 the project was shelved.

## Greenlandic Oil

In a few years now, Greenland could have its own Arctic Pilot Project. Oil experts believe that enormous quantities of oil and natural gas may be present under the rough and barren surface of Jameson Land--or Stauning's Alps, as the region is also called--north of Scoresbysund in East Greenland.

But the raw materials can be transported southward only by ship, which Greenlandic Prime Minister Jonathan Motzfeldt has admitted, "although we have not yet discussed what type of ship would be used." Fishermen and local politicians

in the area have already protested and said that both a harbor in Scoresbysund and regular traffic by supertankers along East Greenland would frighten the seals away and deprive 500 people of their means of making a living.

If oil is found, it could be recovered beginning 10 or 15 years from now, but arrangements for concessions would be made before the end of this year and, obviously, the subsequent major investments would make Greenland commit itself to recovering the oil. As a result, the question of raw materials is the hottest political topic in Greenland today.

#### Parties Divided

The parties are sharply divided on the raw materials issue. The opposition party Atassut [centerist party favoring close ties to Denmark] believes that plans should be made for exploration and recovery since, in the long run, the raw materials could make Greenland less economically dependent on Denmark. The small left-wing party Inuit Ataqatigiit advocates delaying exploration until environmental and other problems are resolved.

The ruling Siumut Party [moderate leftist party favoring greater local autonomy] has taken a position between those of the other two parties.

Another unresolved problem is the ownership rights to raw materials. In addition to possible oil and natural gas finds, there are known deposits of iron, coal, chromium, molybdenum, uranium, and perhaps smaller quantities of gold.

There was a lack of agreement in the home rule commission on mineral rights in Greenland.

Greenland demanded that Denmark recognize Greenland's ownership rights, but this demand was rejected by then-Prime Minister Anker Jorgensen. His statement has become well known in Greenland: "There is nothing more to discuss."

#### Compromise

The result was a compromise which stated that the "permanent residents have a fundamental right to the natural resources of Greenland." In addition, the home rule government passed legislation establishing a joint Danish-Greenlandic council on the utilization of raw materials, which is administered by the Greenlandic Affairs Ministry.

Like royalties now collected from the Maamoriliik mine, any revenues from oil or other raw materials would be deducted from block grants from Denmark.

According to the law, all decisions on Greenland's mineral deposits must be made by the joint council, in which the Danish government and the home rule government both have veto power.

The outcome of the parliamentary elections in Greenland will have a significant impact on future decisions concerning the raw materials of that country. But

the question of Denmark's relationship to the raw materials also will be affected by the election results.

If Siumut remains in power, perhaps with the support of a strengthened Inuit Ataqatigiit, then pressure on the Danish government to reach an agreement on ownership rights will be increased, according to political observers in Greenland.

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## TURKISH PETROLEUM HEAD ON EXPLORATION, PROSPECTS

Istanbul DUNYA in Turkish 7 May 84 pp 1,7

[Interview with Turkish Petroleum Corporation Director General Ismail Kafescioglu]

[Text] Ankara--It has been reported that 22 corporations are exploring for oil in three large regions under the policy opening up the petroleum sector to domestic and foreign private enterprise. As a result of agreements reached with foreign oil corporations, 10 domestic and foreign firms are also conducting geological and seismic studies at the present time.

In a statement to DUNYA, TPAO [Turkish Petroleum Corporation] Director General Ismail Kafescioglu said that talks are continuing with the United States-based Exxon-Esso, Atlantic-Richfield (ARCO), and Texaco petroleum corporations and that it is expected that other American and Canadian corporations will be added to the list. Kafescioglu also noted that exploration and test-well activities that will be initiated by foreign oil companies in Turkey will be able to produce results within an average of 5 years.

TPAO Director General Kafescioglu answered DUNYA's questions thusly:

[Question] In which regions of Turkey is oil exploration taking place? Will you give the names and countries of the firms that are exploring?

[Answer] Test-well exploration is being conducted assiduously in three regions of Turkey at this time. They are, in order of importance, southeastern Anatolia, Thrace, and Iskenderun Bay. In the southeastern Anatolia region, there are presently in operation 14 test-well towers owned by TPAO. In addition, two towers belonging to Shell and the Eczacibasi Alaaddin Middle East Corporation are also exploring. The test bore at the Geris-1 well drilled by TPAO in behalf of the Huffco Corporation was completed last month. In Thrace, seven towers of TPAO are exploring for natural gas. In Iskenderun Bay, the test bores at Birten-1 being carried out jointly by TPAO and Salen continue. This operation, conducted in cooperation with the Swedish Salen Company, is using Neddril-1, an exploration ship belonging to the

Dutch Neddco Exploration Corporation. Therefore, the number of corporations drilling test wells in Turkey has reached 22 -- 21 of these drilling on land and one at sea.

[Question] What is the status of the oil wells and natural-gas facilities put into operation in Turkey since 1980? How much do they produce?

[Answer] Today, TPAO is producing at 290 oil wells -- at 267 continuously and at 23 intermittently. For various reasons, production has halted temporarily, but not permanently, at 27 wells. In addition, there are two gas wells producing steadily as well as six gas wells at which production has been halted. Therefore, TPAO's present inventory consists of 325 producing wells. TPAO's current production is 17,000 barrels of crude oil per day. Its natural-gas production potential is 1 million cubic meters per day. Through work that is underway, this will rise to 1.5 million cubic meters by the end of this year and possibly to 2.5 million cubic meters by the spring of 1985.

[Question] Can you provide the names of firms that are making contacts to explore for oil in Turkey?

[Answer] The major firms holding talks on oil exploration in Turkey are Exxon (Esso), the largest corporation in the world; ARCO (Atlantic-Richfield); and Texaco. There is another large firm as well, but it does not wish its name to be announced while it is negotiating.

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## NATIONAL INTERESTS CITED IN MEETING ENERGY DEFICIT

Istanbul DUNYA in Turkish 7 May 84 p 1

[Text] Turkey's energy problems have escalated from being a topic debated at home to one of interest to multinational corporations and other nations.

While Turkey's seeking bids on a nuclear power plant has become a problem among the large nations in parallel with the reduction noted in the construction of nuclear power plants in recent years in particular, TPAO [Turkish Petroleum Corporation] Director General Ismail Kafescioglu, in a statement published in today's issue of DUNYA, points out that results from oil exploration work being conducted should not be expected for at least 5 years. According to Kafescioglu, this is the length of time required elsewhere in the world, and results cannot be anticipated prior to 2 or 3 years from the time exploratory studies are begun.

Turkey, which depends on oil for 50 percent of its energy production, cannot be expected to eliminate its deficit through the purchase of oil, whose cost is gradually increasing, or through the production of energy using hydraulic resources. There remains the fact that, in a nation in which climate conditions vary significantly from year to year, energy production dependent upon rainfall cannot be defended as being sufficiently reliable. As for thermal power plants, it is not possible to say that Turkish lignite can be mined in quantities of sufficient quality to produce electricity.

In that case, what remains is to close the energy deficit through the use of alternate energy resources, to take advantage of the possibilities of nuclear energy. However, there are important difficulties in utilizing at this time the uranium and thorium beds, which are known to exist extensively in Turkey, in order to meet the nation's needs for energy.

First of all, the modern technology for the procedure to enrich uranium is in the hands of an international monopoly, and it is illusory to expect that Turkey, through the breakup of the monopoly within a short period of time, will achieve the status of a nation that produces uranium. In addition, various technological problems have not yet been overcome in the use of thorium, and the element, thorium, has not been able to be taken out of the laboratory and put into everyday use.

The inability of Turkey, whose resources are known to be vast, to reach the stage as yet of exploiting these resources must not delay further the use of nuclear power.

However, there are several fundamental problems to which Turkey must attend when utilizing nuclear energy. The chief of these is the establishment of foreign ties that meet Turkey's needs in the field of nuclear energy, which is wide open in terms of technology, skilled labor, and raw materials. When choosing a technology that keeps pace with new, developing procedures and that will be able to make the transition easily to Turkey's own natural resources in the future, the selection of projects in which technology and raw materials from several sources will be ensured is gaining importance.

We hope that Turkey's proposal for nuclear power plant bids, which has reached the state of becoming a correspondence war between United States President Reagan and West German Chancellor Kohl according to DER SPIEGEL, will result in a solution that will utilize national resources in the direction of national interests and within the framework of possibilities created by developing technology.

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## BRIEFS

DUTCH FISHERMEN WARNED--Brussels, June 15--Belgian State Secretary for Agriculture and European Affairs Paul de Keersmaeker yesterday hit out at Dutch fishermen operating illegally in Belgian waters. De Keersmaeker warned that the Belgian navy is to crack down on illegal fishing and that the issue would be raised with the European commission. 'We cannot accept threats to the ability of our own fishermen to earn a living', he warned. His complaints were aimed primarily at Dutch fishermen operating within the 12-mile zone off the Belgian coast. Though they were forbidden to use ships with an engine capacity of more than 300 h.p. or ships larger than 70 registered gross tonnes within the zone, Dutch fishermen were breaking the rules, he said. [Text] [The Hague ANP NEWS BULLETIN in English 15 Jun 84 p 7]

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